

The Global Newspaper  
Printed Simultaneously  
in Paris, London, Zurich,  
Hong Kong, Singapore,  
The Hague and Marseille

# Herald Tribune

Published With The New York Times and The Washington Post

No. 31,824

PARIS, SATURDAY-SUNDAY, JUNE 15-16, 1985

ESTABLISHED 1887

## Ortega Lifts Ban On Arms Buying, Citing U.S. Vote

MANAGUA — President Daniel Ortega Saavedra of Nicaragua, in an angry response to the renewal of U.S. aid to the rebels fighting his government, has said he is lifting a self-imposed moratorium on arms imports.

He also hinted Thursday that Nicaragua might try again to buy sophisticated jets to strengthen its small air force, and said he would welcome military advisers from Cuba or any other country.

Mr. Ortega's comments came the day after the U.S. House of Representatives voted, 248-184, to approve \$27 million in nonmilitary aid to the rebels. The Senate had approved a larger aid package the week before.

The Nicaraguan leader assailed the House vote as "unacceptable, illegal and immoral meddling."

Mr. Ortega spoke after a nationwide speech in which he said his government would bolster its defenses "in light of the deepening of the war and aggression and the possibility of a direct intervention of our country."

He did not explicitly say that Nicaragua would buy jet warplanes. But when he was asked whether the new weapons could include Soviet MIGs or Czechoslovak trainer jets, Mr. Ortega said, "Nicaragua is almost the only country in Central America that does not have the ability to defend itself rapidly by air."

The Nicaraguan air fleet is composed of combat and transport helicopters, small observation planes and propeller-driven bombers.

In Washington, Larry Speakes, the White House spokesman, said Friday that the United States remained steadfastly opposed to any Nicaraguan attempt to buy sophisticated warplanes.

"We would consider the introduction of high-performance aircraft or other weapons of that type to be a matter of significance and something we would look at with a favorable eye," he said.

Mr. Ortega said the Sandinistas had decided "to suspend the measures that, in unilateral form, our government has taken in the field of defense." Later, he said that his comment included the moratorium on arms imports that he announced Feb. 27.



Some passengers freed from the hijacked TWA jet slid down the plane's chute and ran across the runway Friday in Beirut.

## TWA Jet Hijacked to Beirut, Then Algiers

ALGIERS — Hijackers demanding freedom for Shiite Moslems held by Israel seized an Athens-to-Rome TWA flight Friday with 153 persons on board and forced it to fly first to Beirut and then to Algiers. The pilot reported that the hijackers had beaten and threatened to kill passengers and had said they would blow up the plane.

In Beirut, the hijackers freed 17 women and two children. Two American women passengers who were freed in Beirut reported that shots were fired, and one said a man was wounded.

The Algerian press agency said the jet left Algiers late in the day for an unknown destination. Reuters reported. A few minutes before, an unknown number of additional passengers were freed by the hijackers, the agency said.

Plane: Beirut control, TWA 847, request landing instructions.

Tower: I am unable to give you landing instructions due to the closure of the airport. Advise the hijackers that I think they understand English.

Plane: Well, yeah, they do. But they're insistent upon landing in Beirut.

Tower: You have not permission to land Beirut airport. It's up to you and to the hijackers to go on.

Plane: He has pulled a hand grenade pin and is ready to blow up the aircraft if he has to. We must, I repeat, we must land at Beirut. We must land at Beirut.

Tower: O.K. It's up to you to go on. It's up to you to go on. I can't give you permission because my responsibility doesn't give me permission for you to land. The airport is closed. Would you advise Israel is holding about 700 Lebanese, mostly Shiites, in prisons in northern Israel. Israel's Foreign Ministry said Friday that it had no comment on the hijackers' demands.

After two and a half hours in the hijacker to hold for 10 minutes? Can you hold for 10 minutes to find a solution for your problem?

Plane: TWA 847, that is a negative. We understand, we understand, but we must land at Beirut. The hijacker is insistent.

Tower: Understand that you are landing without permission.

Plane: Be advised we have no choice. We must land.

Tower: O.K. sir. Land, land quietly. Land quietly. It's up to you, sir. As you know, the airport is not in my hands.

Here is a partial transcript of the conversation after the hijacked plane landed at the airport:

Plane: He says if he doesn't get fuel in three minutes he's going to kill an American that he has tied up in the cockpit.

Tower: I am doing my utmost, I am doing my best to have the fuel for you. I am helping, but what can I do, sir? Would you please advise the hijackers to take it easy. I am planning, I am doing my best [garbled] to be ready for you.

Beirut the plane took off for Algiers. The Algiers airport was closed to all other traffic, and the plane landed in Algiers at mid-afternoon.

[Algiers] press agency, monitored in Paris, said the hijackers had again threatened to execute hostages if their demands were not met. Reuters reported.

[The Algerian press agency said the jet left Algiers late in the day for an unknown destination. Reuters reported. A few minutes before, an unknown number of additional passengers were freed by the hijackers, the agency said.]

Initial reports said three hijackers were on the Boeing 727. But a Lebanese Transportation Ministry spokesman said that there were only two. A U.S. Embassy spokesman in Cyprus who talked to freed passengers said that they had only seen two.

In Beirut, an escape chute was lowered from the plane's front door. The freed passengers slid down to the tarmac and ran to a fire station.

The hijacking was the third this week involving the Beirut airport.

One freed hostage, Irma Garza of Laredo, Texas, said the hijackers had shot a black man, apparently a passenger, in the neck. She said the man did not appear to be in serious condition, adding she did not know why he was shot.

The hijacker, speaking with a Lebanese accent, denounced what he called "American practices to control the Middle East."

■ Action by Reagan

President Ronald Reagan sent a message to President Chadi Benjedid asking him to allow the plane to land at Algiers, according to sources quoted by Agence France Presse in Washington.

## South Africans Attack Rebels In Botswana

By Alan Cowell  
New York Times Staff Writer

JOHANNESBURG — South African commandos, operating in darkness, attacked Gaborone, the capital of neighboring Botswana, early Friday to strike at targets that a South African official said were the "nervous center" of the insurgent African National Congress.

Sixteen persons, one of them a six-year-old girl, were reported killed in the attack, the first against the capital of a black-ruled neighbor since October 1983, when South African commandos attacked an office in Maputo, Mozambique.

One South African was reported wounded in Friday's raid.

[The United States recalled its ambassador on Friday from South Africa to protest the attack, the State Department said in Washington.]

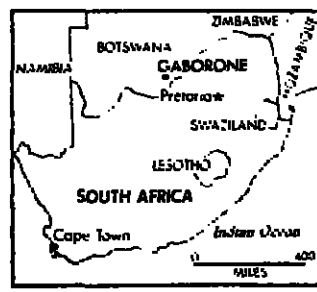
The department spokesman, Bernard Kalb, linked Ambassador Herman W. Nicksel's recall to the incursion into Botswana and to the capture on May 21 of a South African patrol in Cabinda, northern Angola. United Press International reported. The patrol was apparently on a mission to sabotage a U.S.-operated refinery there. "The U.S. government condemns South Africa's attack on Botswana," Mr. Kalb said.

Friday's attack was South Africa's first known strike against Botswana, a landlocked, diamond-exporting country that is economically dependent on South Africa and with which it shares a customs union.

South African officials said that nine houses and an office complex were attacked by troops armed with grenades and automatic rifles. They said South African troops used megaphones to warn civilians and police to keep clear of the targets of the 40-minute raid at 1:15 A.M. But newspaper reports from Gaborone said that at least two citizens of Botswana were killed by an explosion.

The chief of the South African Defense Force, General Constand Viljoen, described the raid as a success, but warned that further attacks would follow if Botswana did not agree to a ceasefire.

(Continued on Page 2, Col. 7)



## Argentina Closes Banks; Reforms Due

BUENOS AIRES — Argentina's central bank ordered all banks closed Friday, and the government said it would announce drastic economic reforms to curb runaway inflation.

President Raúl Alfonsín was expected to outline the program in a television address.

Meanwhile, U.S. officials said Friday that the United States and several other countries have agreed to a \$480-million bridge loan for Argentina that is expected to be announced over the weekend. Argentina has a \$48-billion debt, the developing world's third largest.

The loan, which is intended to tide Argentina over until it can begin receiving disbursements from the International Monetary Fund and international banks, was to have been triggered Tuesday when Argentina and the IMF agreed on an economic program.

Twelve countries are participating in the loan, including Japan, France, Canada, Mexico and Brazil. The United States, whose contribution is \$150 million, took the lead in arranging the package.

German López, a spokesman for President Alfonsín, said Thursday that the government would disclose a stringent anti-inflation program Friday and "all the steps necessary to be taken."

Business circles were expecting a wage-and-price freeze and possibly the creation of a new monetary unit known as the "Argentino," which would be indexed so as not to lose its value.

Argentine inflation is running at around 25 percent to 30 percent a month, a rate the government pledged to reduce to 8 percent a month by April 1986 in the agreement with the IMF for a standby credit of \$1.2 billion.

The agreement must be approved by the IMF's executive board and disbursements of the credit will not begin until August.

The country paid \$250 million in back interest this week that brought it current to Dec. 30, 1985.

The central bank received a setback when a federal court of appeals ruled unconstitutional a directive freezing Argentina's dollar deposits for 120 days on May 17. Dollar deposits were frozen after Banco de Italia y Rio de La Plata, the nation's third-largest private bank, collapsed May 10.

The central bank devalued the peso by 18 percent Tuesday to boost exports and comply with recommendations of the IMF to control inflation.

On Thursday night, Alfredo Conception, the central bank president, ordered a bank holiday for Friday. All transactions were to be halted, apparently to head off massive withdrawals.

The move followed a day of jitters in the Buenos Aires financial markets. In the black market, the dollar shot up from 855 pesos to a peak of 1,100.

## UN Troops To Be Freed, Israel Says

By Edward Walsh  
Washington Post Staff Writer

JERUSALEM — Twenty-one Finnish soldiers from the United Nations Truce Supervision Force in Lebanon have been held hostage for a week by an Israeli-backed militia were to be freed Saturday, the Israeli military command announced Friday night.

The announcement followed a day of high-level discussions here and public statements by a senior UN official that military force would be considered if the 21 Finns were not soon released.

A UN spokesman confirmed the Israeli Army announcement, saying that the release of the soldiers, members of the UN Truce Supervision Force in Lebanon, or UNIFIL, was scheduled for 11 A.M. Saturday in Marjayoun, site of the headquarters of the Israeli-backed South Lebanon Army where the hostages are being held.

A few hours earlier, Brian E. Urquhart, the UN's undersecretary general, said that the use of force by the UN would be a "last resort," but he repeatedly returned to the possibility of such a course.

Mr. Urquhart also obliquely criticized Israel, which until Friday had supported the South Lebanon Army's demands, and had asserted that it had no control over the militia, which is trained, equipped and financed by the Israeli Army.

The breakthrough followed a meeting Friday between officials of the International Committee of the Red Cross and Brigadier General Antoine Lahad, commander of the South Lebanon Army.

The Red Cross officials told General Lahad that 11 of his militiamen in the hands of Amal, the Shiite Muslim militia and a rival of his forces, said in interviews Thursday that they do not wish to return to the South Lebanon Army.

On June 7, the 11 militiamen, all Shiites, turned up in the Lebanese port of Tyre, which is under the control of Amal.

The South Lebanon Army then captured more than 20 Finnish soldiers from UNIFIL, charging that the Finnish UN battalion had disarmed one of its units and turned over the militiamen to Amal.

General Lahad demanded the return of his 11 men in exchange for the release of the Finns.

## Ethiopian Famine Draws Army of Veteran Relief Specialists



Dr. George Ngatiri, a Kenyan, examining a starving child at a relief center for victims of the famine in Ethiopia.

By David Lamb  
Los Angeles Times Staff Writer

ADDIS ABABA, Ethiopia — Many of them are veterans of Biafra, Bangladesh and Cambodia, people who have spent much of their lives following disasters. Now the world has a new calamity, the Ethiopian famine, and they are drawn to it like soldiers to a war. For this is where the battle for survival is being fought.

They are called relief specialists, or development technicians. They work long hours for little pay and no individual glory. They are saving thousands upon thousands of Ethiopian lives.

There is Dr. Peter Jordans, who has temporarily left his medical practice in the Netherlands to care for the sick and the starving in Addis Ababa.

There is Sister Berilla of India, a member of Mother Teresa's Missionaries of Charity, who has worked with refugees throughout Africa. "It is my place to help," she said.

And there is Carolyn Kippenberger, a nurse on leave from a hospital in New Zealand. She looks after malnourished infants in the relief camp of Abnet and considers herself privileged to be there.

Rob Gibson, 45, a cardiologist from Oregon who is working here as a pediatrician, said: "For me this is an opportunity to fulfill all the things I thought about when I started medical school. In the United States, you find in a sense that you're working as a cog in the system. Here you really feel useful. What you do makes a difference, a tremendous difference."

No one knows how many relief workers are in Ethiopia helping the estimated seven million famine victims, but with 45 private agencies providing emergency supplies, the number certainly runs well into the hundreds. Most are hard pressed to explain exactly why they are in Ethiopia, though most creep into most conversations as a disdian for the routine and a hint of idealism, often with a Christian overlay.

Steve Reynolds, 26, of Monrovia, California, said: "After working in Ethiopia, I don't think I could be happy going home and sitting behind a desk eight hours a day writing memos that no one reads, or trying to think up ways to make money so I could live better."

Miss Kippenberger, the New Zealander, said: "Even if you're surrounded by children who are going to die, you can share kindness, water, food, medical care. In a way, we're doing what the Lord would do if he was here. He has given me a very special love for these people."

Patricia O'Gorman, a nurse with the Irish charity agency Concern, said: "I guess I'm just a traveler at heart. The first time you come out, you come for all the good reasons. The second time, you're wiser. It's a difficult life — rewarding, but difficult."

For the relief specialists, there are few amenities. They work from dawn to dusk in isolated feeding centers throughout the country. They sleep in tents or sheds, eat injera, a pancake made from grain, and find that the sorrow and brutality of the famine would be overwhelming if it were not for the beauty of the land and the people.

Senior relief officials say the young men and women attracted to disasters today are different from the idealists of the 1960s, who were out to change the world. And most have specific skills to offer. They do not proselytize and they do not have any illusions that their contribution will affect more than a relative handful of people.

"These people are so straight that I don't even dare let anyone know I've got a bottle of whiskey in my bag," said an older American volunteer in Abnet. "When they have tea in the afternoon, I put a shot in my cup and drink it in my tent. I feel a little silly doing that at my age, but those are the game rules."

Kurt Jansson, the UN assistant secretary-general for emergency operations in Ethiopia, lauds the present generation of relief workers as a "high quality group." Their efforts, he said, have been directly responsible for saving countless thousands of lives, but few seem to have any personal sense of importance and none appear concerned with money or comfort.

"It's hard to figure out the reasons for coming," said Jim Kinsella, an Irish agricultural specialist in Abnet who has volunteered his services to Concern for two years. "I guess I just wanted a touch of adventure and a chance to see something different and do something that helped someone else."

He stood in a tin-roofed shed as he talked, filling bags with seed grain that would be given along with a hoe to each of 5,000 families who would soon leave the camp for resettlement. This would be the first step in getting the displaced peasants back to their villages to prepare for a new harvest.

## Mengele's Son Gives Documents on Fugitive's Life to Magazine

By James M. Markham  
New York Times Staff Writer

BONN — The son of Dr. Josef Mengele has given a Munich-based weekly hundreds of photographs, letters and other documents depicting the Nazi war criminal's life on the run in South America, an editor for the magazine said Friday.

Norbert Sakowski, deputy editor in chief of Bunte Illustrierte, said in an interview that the popular weekly would commence publishing a series of articles based on the Mengele materials next week.

Mr. Sakowski said that information emerging from the documents and from Rolf Mengele, 41, son of the Auschwitz physician, showed that the fugitive had lived in several South American countries and came to Europe "quite a number of times."

He said that family members traveled to meet with Dr. Mengele

"constantly" on their own passports.

"For me, it's quite unbelievable that they never caught him," said Mr. Sakowski, referring to the hunt for the war criminal.

Earlier reports have indicated that Dr. Mengele returned incognito to Günzburg, West Germany, in 1959 to attend his father's funeral.

He said that the Mengele papers showed a man who believed that the Nazis had a Darwinian right to triumph over the weak and to exterminate the Jews.

"Up until the end his opinion was that what he did was right," said Mr. Sakowski.

[In São Paulo, where the authorities say they may have uncovered the grave of Dr. Mengele, the police

chief said Friday that evidence from the medical examination of remains exhumed from the grave last week was consistent with the body being that of Dr. Mengele, Reuters reported.]

Mr. Sakowski said that he had little doubt about the authenticity of the documents received by his magazine, but that a team of historians was checking them out.

"If you look at the pictures, there is not the slightest doubt," he said, and noted that "50 to 100 letters" from Dr. Mengele to his relatives were stamped. "If you read them, there's no doubt. It's very banal — how the weather was, like that."

Mr. Sakowski said that Rolf Mengele had supplied the cache Tuesday and asked for no remuneration for it.

He said that if the magazine made a profit from selling the reprint rights to other publications it had decided it would be given to the survivors of the Auschwitz death camp, where Dr. Mengele performed horrific experiments on twins, dwarfs and other prisoners and became known as "the Angel of Death."

Mr. Sakowski, reached at his Munich office, said of Rolf Mengele: "He decided to give the material to us and we decided to pay not one penny for it. His motive was that he was burdened by the heritage of his father. He felt that if all of these details were published some day, or very soon, it would all be over."

Rolf Mengele issued a statement Tuesday on behalf of his family saying that he had no doubt that the body disinterred outside São Paulo on June 6 was that of his father.

Through a makeshift public relations office set up in Munich, Mr. Mengele disclosed Friday in a second statement that he would give a photograph of the fugitive taken in the 1970s and samples of his handwriting to the Frankfurt prosecutor's office. The son said he would also furnish proof that he visited Brazil in December 1979, 10 months after his father is said to have died in a swimming accident.

■ Fingerprint Tests Awaited

The São Paulo police chief, Romeu Tuma, said that while forensic evidence continued to indicate the remains were those of Dr. Mengele, the first real confirmation of identity would come from fingerprints hopefully on Monday, Reuters reported.

■ Wiesenthal Seeks Proof

In California, Simon Wiesenthal, the Nazi hunter, said Thursday that he would end the search for Dr. Mengele if experts from the United States, Brazil and West Germany confirmed that the remains were those of the Nazi fugitive.

He said three American specialists in forensic medicine would go to Brazil to examine the bones.



Simon Wiesenthal

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**MONDAY**

"In the Soviet Shadow," the first of a three-part series on the hopes and frustrations of the East European nations.



# Both U.S. and Soviet Seem Disillusioned About an Early Thaw

By Jim Hoagland

**MOSCOW** — Soviet-American relations have failed to improve in an initial round of mutual probing by a new leadership in the Kremlin and the second-term Reagan administration, in the view of senior Soviet officials and analysts.

That probing appears to have reached a critical stage, where decisions by both sides could set the course of the Soviet-American relationship for the rest of the Reagan administration, in the view of the Soviet figures.

Any expectations that President Ronald Reagan's sweeping re-election victory and the accession to power of Mikhail S. Gorbachev, 54, might open the way for a dramatic bid to improve relations have evaporated, the Soviet sources suggest.

If anything, the tone of the relationship has become more strident as both sides appeared at first to move toward a get-acquainted meeting of their leaders and then backed away in mutual suspicion that the other side was laying a propaganda trap.

Unstated but evident in many of the comments by Soviet foreign policy advisers is the idea that the Gorbachev team, after an initial assessment, is close to deciding to wait out the next three years, seek public opinion gains in the Soviet Union and see how the next U.S. administration evolves.

Even small gestures that might

have been expected to lessen tensions seem to have gone awry. A visit to Moscow last month by Secretary of Commerce Malcolm Baldrige, whom Mr. Gorbachev received, produced no visible results on trade issues and has left a bad taste in the Soviet capital.

Confidence-building measures proposed by Mr. Reagan in his May 8 speech at Strasbourg,

## NEWS ANALYSIS

France, such as establishing a hot line between U.S. and Soviet military commanders, are dismissed as insincere or meaningless by the Russians. They focus instead on what they describe as the president's apparently willful failure to mention the Soviet Union's role in World War II in that speech.

"We might welcome some of the steps the president mentioned in the content of a certain policy," said Georgi A. Arbatov, head of the Soviet Union's Institute on the United States and Canada. "But that is not the case. Even if you have 10 hot lines in a dangerous situation, it still would not be productive. It is the policy that is the problem."

"It would have been better in the speech on the 40th anniversary of the end of World War II 'to have mentioned the Soviet Union than to propose these things,' he said.

An underlying theme in conversations with Soviet foreign policy advisers at this point is that the

Soviet Union has to a large extent disengaged from trying to formulate policies based on Reagan administration actions or proposals.

Vladimir B. Lomeiko, director of the press department at the Foreign Ministry and a close associate of Foreign Minister Andrei A. Gromyko, said "what is important" is that Mr. Reagan and "his administration must get used to the idea that it is necessary to stop stockpiling nuclear weapons now."

"What is important is the political and philosophical approach," he said. "A patronizing attitude by one side to the other will not bring progress."

Mr. Lomeiko, speaking before Mr. Reagan announced his decision on accepting the SALT-2 accord's limit of 1,200 multiple nuclear warhead launchers and to dismantle a nuclear submarine, appeared to be discounting in advance the impact of Mr. Reagan's decision by stressing the independent nature of Soviet policy.

Mr. Lomeiko reacted testily when asked about a recent news agency report quoting the editor of Pravda, Victor G. Afanasyev, as having said that Mr. Gorbachev was likely to visit the United Nations in the fall. This report, which associates of Mr. Afanasyev now say distorted his remarks, stirred speculation that Mr. Gorbachev and Mr. Reagan might meet in New York, an idea both sides now appear to have rejected.

"It was not we who put forward



**'A patronizing attitude by one side to the other will not bring progress.'**

—Vladimir Lomeiko, Soviet Foreign Ministry spokesman

this idea" of a Gorbachev trip to the United Nations, Mr. Lomeiko said. Asked about the possibility of a meeting between the two leaders in another locale within the next year, Mr. Lomeiko emphasized the problems in arranging such an encounter, even though the Russians have given a general, positive response to Mr. Reagan's suggestion that he and Mr. Gorbachev meet.

"First and foremost, it has to be carefully prepared. It is an issue that depends on the two sides."

Both Soviet and U.S. officials are reticent in discussing the meeting between Mr. Gorbachev and Mr. Baldrige, and few details seem to have filtered out. But some reports have suggested that the Russians concluded that Mr. Baldrige had been engaged in a testing operation of Mr. Gorbachev. What may have

been an acrimonious exchange has probably retarded chances for an early meeting.

The meeting "was not a watershed in Soviet-American relations," Mr. Arbatov said. "It did not make any improvement."

He added: "In fact, we continue to be in something close to a state of economic warfare."

Mr. Gorbachev's decision to see the American cabinet member was probably intended "to show that he honestly is for an improvement in Soviet-American relations," according to Mr. Arbatov. "He had to deal with the sheer fact of how his saying no to a request from Mr. Baldrige to see him would be assessed outside the Soviet Union."

The continuing dispute over arms control, which has shifted from Soviet pressure to block the deployment of U.S. missiles in Western Europe to Soviet opposition to Mr. Reagan's Strategic Defense Initiative for placing a missile defense in space, appears to have persuaded the Russians that nothing more than symbolic gains can be made at a meeting of Mr. Gorbachev and Mr. Reagan at this point.

Moreover, they appear to have concluded that the Reagan administration has reached the same belief, and is maneuvering for maximum advantage in the game of public relations by insisting on Mr. Gorbachev's coming to Washington as the price for a meeting.

## WORLD BRIEFS

### Suicide Bombers Hit Lebanese Army

**BEIRUT (AP)** — Two suicide bombers crashed a car loaded with explosives into a Lebanese Army position in West Beirut Friday evening, killing 23 persons and wounding 36, the state radio said. The attack was made against the army's main Shi'ite Moslem 4th Brigade, which is deployed in West Beirut. The state radio said among the 23 persons killed were three soldiers. Soldiers said two men were riding in the car and were killed when the automobile exploded.

The state radio issued appeals through radio stations for "urgent blood donations and for all doctors to report immediately to duty at hospitals to save the lives of victims." It was the first major explosion in Beirut since a car bomb in a Christian East Beirut neighborhood on May 22 killed 58 persons and wounded about 200.

### Iraq Says It Will Stop Shelling Iran

**BAGHDAD (APF)** — Iraq will stop shelling Iran for two weeks starting Saturday morning, President Saddam Hussein said Friday.

He said the decision had been taken to give Iran another chance "to think about peace and for the Iranian people to put pressure on its government to end the conflict."

Mr. Hussein said that Iraq could resume its attacks if the Iranians shelled Iraqi towns, launched a new attack against Iraq or massed its troops for a new offensive, or if the offer of peace was rejected. The announcement came on one of the heaviest days of shelling by both sides since attacks on civilian objectives resumed on May 25 after a six-week lull.

### Force-Feeding of Sakharov Reported

**OTTAWA (UPI)** — The Soviet dissident physicist, Andrei D. Sakharov, was force-fed, suffered a stroke and lost consciousness days after he began a hunger strike in May 1984, Dr. Sakharov's wife said in a letter that was read to reporters here Friday.

Tatiana Yankelovich, Dr. Sakharov's daughter, wept openly as she read portions of the letter, written in November by the physicist's wife, Yelena G. Bonner. A copy of the letter, received Thursday by Mrs. Yankelovich, was released publicly in Ottawa, where delegates from 35 countries are attending a human rights conference. The letter was written by friends of Sakharov in the Soviet Union and made its way to Mrs. Yankelovich at her home in Massachusetts.

"On May 12," the letter said, "he was force-fed, at first intravenously, then by tube through the nose... all very excruciating." According to the letter, Dr. Sakharov had a stroke and lost consciousness and later exhibited symptoms associated with Parkinson's disease. Dr. Sakharov and his wife, who have been living in internal exile in Gorki, a city closed to foreigners 200 miles (325 kilometers) east of Moscow, have not been seen by friends or colleagues since Feb. 25.

### U.S. Suspends Cuban Immigration

**WASHINGTON (AP)** — The Reagan administration said Friday that it would suspend admission of Cuban immigrants to the United States. The move, which followed a disagreement with Havana over radio broadcasts to Cuba, virtually ended a refugee agreement reached in December.

About 1,000 Cubans who had received visas were immediately affected. About 900 others had already entered the United States.

The December accord had appeared to clear the way for up to 20,000 immigrants a year as well as 3,000 former political prisoners. About 2,500 so-called "undesirables" from the 1980 "boatlift," some of them mentally ill or criminals, were to be accepted by Havana. Visa processing was to be resumed in Havana.

Cuba suspended its obligations under the agreement after the Reagan administration began operating Radio Martí, which broadcast reports to the island denounced by Havana as propaganda.

### Delors Urges Talks With U.S. on SDI

**BRUSSELS (Reuters)** — The president of the European Commission, Jacques Delors, called Friday for talks with the United States to prevent U.S. research into space-based missile defense systems from causing scientists to leave Europe.

Mr. Delors said it was impossible to prevent companies from being lured by proposals under the plan, which the U.S. administration has named the Strategic Defense Initiative, or SDI, and which will receive \$26 billion over five years.

"What we need is negotiations with the United States," he said at a news conference after a meeting of industrialists. "Otherwise those responsible for SDI will go to the European supermarket, look at the things in the window that interest them and carry them off back home."

Mr. Delors said that a number of conditions had to be met if Europe's Eureka plan for technological research, proposed by President François Mitterrand of France and due to be discussed this month at a summit meeting of European Community leaders in Milan, was to become a credible alternative to SDI. In particular, he said, substantial resources and a clear organizational framework would be needed.

### For the Record

The last remaining Canadian diplomats in Lebanon left the country for the Syrian capital of Damascus because of the deterioration in security, diplomatic sources said Friday.

The United Airlines pilots' union continued its study of a tentative contract settlement Friday. The pilots have a Saturday deadline to approve the pact.

North Korea has agreed to South Korea's proposal to hold a preliminary meeting July 9 at Panmunjom to discuss the opening of interparliamentary talks, officials said in Seoul.

About 800 Norwegian oil workers went on strike Friday and will be joined by 2,500 others on Saturday, virtually shutting down test drilling and oil production on the Norwegian continental shelf.

Twenty-eight deaths or stillbirths since April have been linked to contaminated cheeses, California state health officials announced. The manufacturer of the cheeses has closed voluntarily, and recalls were announced in California, Arizona and Texas.

### South Africa Attacks Targets Of Insurgents in Botswana

(Continued from Page 1)

He also said, however, that grenade attacks on two legislators of mixed racial descent last Wednesday had been "the last straw." The African National Congress had denied that it was responsible for the grenade attacks.

Gaborone lies a short distance from the border between South Africa and Botswana. General Viljoen said 13 persons were killed in the attacks on houses and offices and that two persons were killed in the car. Additionally, he said, Radio Botswana had reported the death of the six-year-old girl, apparently one of two children reported to him, he said, as wounded in cross-fire.

**U.S. Questions Sincerity**

The attack on Botswana raised "the most serious questions about South Africa's sincerity" in the negotiations with the United States on bringing about a peaceful resolution to southern Africa's problems, United Press International quoted Mr. Kohl as saying.

He described the attack on Botswana as "particularly deplorable" and said the South African government had failed to come up with a satisfactory explanation for the presence of a heavily armed military group 1,000 miles (1,600 kilometers) inside Cabinda, Angola. South Africa has said the group was on an intelligence mission.

## Soviet Says U.S. Envoy Was Spying

The Associated Press

**MOSCOW** — Soviet authorities detained a U.S. diplomat who, the press agency Tass said Friday, had been caught conducting "a major espionage action." He was ordered to leave the Soviet Union.

In a dispatch attributed to the KGB, the security police, Tass identified the diplomat as Paul Stombaugh and said he was detained Thursday in Moscow.

A U.S. Embassy official, asked for comment, said it was the first he had heard of Mr. Stombaugh's being ordered to leave the Soviet Union and therefore was unable to confirm the Tass report.

The U.S. State Department and other agencies do not ordinarily comment on espionage charges as a matter of policy.

Mr. Stombaugh, who works in the embassy's political section, said he had not heard of the expulsion until he was contacted by the Moscow bureau of The Associated Press.

He declined to comment on the charges against him or to say whether he had been detained.

He was the first U.S. diplomat to be ordered from the Soviet Union on espionage charges since Lon David Augustenborg, who worked at the consulate in Leningrad, and his wife were detained and accused of spying.

Tass said Mr. Stombaugh was apprehended "in the act of conducting an espionage action."

"A major espionage action by United States special services against the Soviet Union was cut short," the agency said in a dispatch headlined "In the State Security Committee of the U.S.S.R."

"Materials fully exposing this staff member of the United States Embassy as engaging in espionage activity incompatible with his official status were obtained in the course of the investigation," Tass said.

"For his unlawful actions, Paul Stombaugh was declared persona non grata and is being expelled from the Soviet Union," the three-paragraph report said.

Mr. Augustenborg was ordered out of the Soviet Union on Sept. 12, 1983, after he and his wife, Denise, were detained and accused of trying to collect what newspaper reports called a "spy container."

Earlier in 1983, a U.S. economic attaché, Richard Osborne, was seized in a Moscow park reportedly while trying to make a radio transmission.



Prime Minister Bettino Craxi of Italy, left, and President François Mitterrand of France flew from Florence to Pisa after discussions that touched on EC members' right to veto.

## EC Panel Reportedly to Ignore Veto Official Says Commission Will Cut Grain Price Subsidies

Reuters

**BRUSSELS** — The European Community's executive body will force cuts in subsidized grain prices despite a West German veto, a senior official said Friday.

The chief adviser to Frans Andriessen, the community's agriculture commissioner, said the Executive Commission would reduce prices to ensure that grain markets operated smoothly in the absence of an agreement among the governments.

"It is not a price-fixing as such, but its effect will be exactly the same," Carlo Trojan said at a conference on grain.

The new price for rapeseed is to become effective July 1, and prices for other grains on Aug. 1.

Bonn blocked a 1.8-percent price cut Wednesday with the first veto it has ever exercised, causing a new crisis for the community and blocking plans to change its agricultural policy.

Mr. Trojan said the commission would take steps to prevent speculative grain sales, to normalize trade and to keep within the EC budget.

He gave no details but predicted that the market would be managed "in line with the final compromise

proposed to ministers," referring to the plan for a 1.8-percent price cut.

Diplomats said the Executive Commission's move, which involved a radical interpretation of its powers, could exacerbate its dispute with Bonn. They predicted the measure would rally behind West Germany those nations that supported the right of veto but disagreed with Bonn on the grain price subsidies.

The West German agriculture minister, Ignaz Kiechle, has blamed the commission for the dispute, arguing that it has refused to seek a compromise.

Official West German sources said Friday that Bonn had used its veto because the Executive Commission was exceeding its power to "an unprecedented extent."

The sources said the issue would force West Germany to reconsider its previous support of moves to give the commission and the European Parliament greater powers.

**Craxi Criticizes Veto**

Prime Minister Bettino Craxi of Italy condemned Friday the veto by West Germany. Reuters reported from Florence.

Speaking at a news conference after two days of talks with President François Mitterrand of

France, Mr. Craxi said the justification for Bonn's move was unwavering.

He said the incident reinforced the argument that a country should clearly demonstrate the claim that its vital national interests were at stake before exercising its power to veto.

Mr. Craxi said that he and Mr. Mitterrand agreed that "a real and genuine abuse of the right of veto" was threatening to paralyze the community.

The West German decision came two weeks before the summit conference of EC leaders in Milan, which is to be chaired by Mr. Craxi.

Mr. Craxi and Mr. Mitterrand devoted part of their talks this week to plans for more majority voting in EC institutions.

**Comecon Proposes Relations**

Comecon, the East bloc trade alliance, officially proposed a resumption of talks Friday aimed at establishing formal relations with the European Community. The Associated Press reported.

Foreign ministers of the EC had agreed last weekend to respond favorably to such an offer. The proposal was first broached last month to Mr. Craxi by Mikhail S. Gorbachev.

## Mengele Publicity Seen Pressuring Nazi Fugitives

By Tyler Marshall

Los Angeles Times Service

**BONN** — The publicity surrounding efforts in Brazil to identify human remains believed to be those of Josef Mengele, the Auschwitz concentration camp doctor, is likely to increase pressure on Nazi war criminals still at large, according to West German officials involved in the investigations.

"Whenever there is a major find or a lot of publicity, it brings others up, too," said Alfred Streim, director of the Center for the Investigation of Nazi War Crimes in Ludwigsburg, a few miles north of Stuttgart. The center is the principal West German government institution devoted exclusively to gathering evidence about fugitive Nazi criminals.

"We are optimistic the Mengele affair will generate new pressure on the big names," said Mr. Streim, who has worked at the center for 22 years.

The passage of time, deaths of some of those on the run and, occasionally, the arrest of an old Nazi have all reduced the center's caseload. From a peak strength of 50 prosecutors and a staff of 130 in the late 1960s, the center now operates with 10 prosecutors and a back-up staff of about 40 people.

Still, despite the passage of four decades since the end of World War II, Mr. Streim said, new evidence continues to come into the center and 30 new cases have been opened this year.

About a dozen Nazi war criminals who Mr. Streim calls "big names" are still believed to be in hiding.

Approximately 135 cases, mostly involving minor war criminals, are pending.

"These are people well down the

chain of command," Mr. Streim said.

Although none of the prominent Nazis at large compare to Dr. Mengele in notoriety, their crimes are considerable.

Alois Brunner, a senior member of Hitler's elite SS, the organization charged with administering the concentration camps, helped Adolf Eichmann arrest and deport Jews from Vienna, and signed deportation orders for an estimated 46,000 Greek Jews in 1943. Most of those deported died at the Auschwitz camp in Poland.

The West German authorities say they believe that Mr. Brunner is living under an assumed name in Syria, most likely in Damascus.

The public prosecutor's office in Cologne, which is in charge of the Brunner case, issued an extradition order this year, partly, Mr. Streim said, because there were hints of a change in the Syrian government position on the matter. However, there has been no breakthrough.

A March 1983 report in the Times of London identified Mr. Brunner as living as an Austrian pensioner under the name George Fischer in Damascus. The newspaper said that Mr. Fischer lived under armed government protection and at one time had served as an

adviser to the Syrian security police.

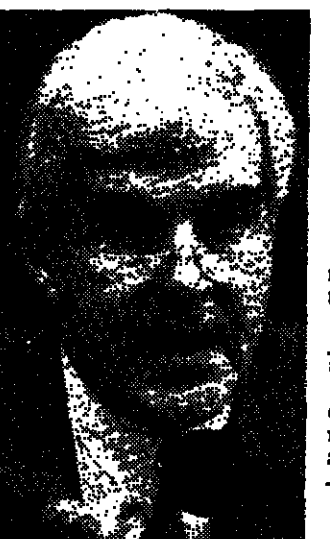
Walter Kutschmann, who is accused of murdering an estimated 2,000 Jews while serving as a lieutenant in the SS, is thought to be living in Buenos Aires, also under an assumed name.

Josef Schwammberger, who was commandant of the Płaszów concentration camp in Poland, also is believed to be living in Argentina.

West Germany's 20-year effort to obtain the extradition from Chile of Walter Rautf, who organized convoys of mobile gas chambers in which an estimated quarter of a million people were killed, ended last year. Mr. Rautf, who had lived in Santiago since the early 1960s, died days before a West German charge sheet was scheduled to go to Santiago.

There is also success, as was proved two years ago when Bolivia expelled the Gestapo officer Klaus Barbie, who presided over the killings and deportations of thousands of French Jews from 1942 to 1944. He is now preparing to stand trial in France.

"As long as we continue to get evidence and as long as Nazi criminals are still free, we have a job," Mr. Streim said.



Peter Boenisch

## Bonn Aide Quits, Cites Tax Inquiry

Reuters

**BONN** — The West German government's chief spokesman, Peter Boenisch, resigned Friday because of an investigation against him by tax authorities, the press office announced.

The statement said Mr. Boenisch had asked Chancellor Helmut Kohl to relieve him of his post because of the inquiry, which involved a period before he was spokesman.

A spokesman for the West Berlin state prosecutor said Friday that he opened an investigation of tax evasion against Mr. Boenisch in April but that no charges had so far been filed. He gave no details of the amount involved.

Mr. Boenisch, 58, was appointed in 1983 as state secretary in the Press and Information Office, a junior cabinet post.

A flamboyant character and a confidant of Mr. Kohl, he held senior posts in the Springer publishing empire, including top editorial jobs with the tabloids Bild and Bild am Sonntag, before resigning in 1981 to do freelance writing.

In his letter to Mr. Kohl, he said he was resigning to avoid embarrassing the government.

The press office said that Mr. Kohl had accepted the resignation with regret and thanked Mr. Boenisch for his services.

The announcement said that Mr. Boenisch had been succeeded by Friedrich Ost, who runs a popular television weekly economic and social affairs program.

## Solidarity Activists Sentenced To Prison Terms in Poland

United Press International

**GDANSK, Poland** — Three activists of the outlawed Solidarity labor movement were sentenced Friday to prison terms ranging up to three and a half years. But Lech Walesa, the movement's leader, vowed that the Solidarity underground would continue despite government repression.

Presiding Judge Krzysztof Ziolkiewicz sentenced the dissidents, Wladyslaw Frasnyski, Adam Michnik and Bogdan Lis, to prison for planning a 15-minute strike to protest food price increases. The strike was canceled when the government revised the price-increase plan.

The three were accused of running the underground Solidarity headquarters and trying to overthrow Poland's Communist system.

Mr. Frasnyski was sentenced to three and a half years in prison, Mr. Lis to two and a half years and Mr. Michnik to three years. Poland's official PAP news agency said.

The convictions were viewed as a particularly stern warning to Mr. Walesa, who has said that he pre-

sided at the meeting at which the three men were arrested.

"The verdict evokes deep concern," said Mr. Walesa, who was not charged.

"We were dealing with a conscious provocation crushing all hope for the building of a dialogue," he said. "They want to say that whoever is obedient will not go to jail."

Mr. Walesa said that the authorities were "politically deviated people." "It is their sickness."

He said that he and other activists would keep alive the Solidarity union, which was banned following imposition of martial law in December 1981.

**Madrid Official Cancels Visit**

Foreign Minister Fernando Quiroga said he postponed a visit to Poland because the Warsaw government objected to his plans to visit the grave of the Reverend Jerzy Popieluszko, Reuters reported Friday from Warsaw. Members of Poland's security forces were found guilty of killing the priest, an outspoken Solidarity supporter.

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## AMERICAN TOPICS



**FOUR-STAR HERO** — President Reagan pins a new star on General James H. Doolittle, 88. The hero of World War II, who holds the Medal of Honor, became the first four-star general in the air force reserve.

## Getting Through The Revolving Door

When Langhorne A. Motley leaves office next month as assistant secretary of state for inter-American affairs, he will probably open a consulting firm with several Brazilian businesses as his first clients. Mr. Motley has dealt with many of these same people as assistant secretary of state.

No arrangements were concluded in advance. The Washington Post reports, and the State Department deputy counsel, Michael Kozak, said Mr. Motley, 47, provided a list of all his prospective clients and removed himself from any matters concerning them.

In this example of the legendary Washington revolving door that carries many former civil servants out to the payrolls of companies they dealt with while in government, Mr. Kozak said he gave Mr. Motley these rules for job-seeking: he could talk with anybody, on his own time, but he could have no official dealings thereafter with them while in office.

"He said he wanted to be totally straight and pure on this," Mr. Kozak said. "I wish all people here were as careful as he has been."

## Short Takes

As police chief of San Juan Bautista, California, Lanny Hurlbut, 49, wears a 10-gallon hat, open shirt, black vest, jeans, Western boots and a holster on his hip for his .357 magnum revolver at all times, even when the 1,400-population town isn't thronged with tourists visiting nearby historic shrines. "People love it," the sheriff said of his cowboy look. But where's his horse? "You can't do police work riding a horse, other than traffic patrols in big cities," he said. "Anyway, the town can't afford to feed and care for a horse."

Color photographs of President Ronald Reagan on display at the White House include one of his controversial visit to the war cemetery at Bitburg, West

Germany, last month where 49 Nazi SS troops are among the dead. Wouldn't the administration rather forget that visit? Pete Russell, deputy press secretary, said other parts of Mr. Reagan's European trip are displayed and "if we didn't have one up there for Bitburg we'd be asked why it wasn't there."

College commencement addresses by the class valedictorian, usually the graduating senior with the highest academic standing, began going out of favor with the fiery activist speeches that many of them were giving during the 1960s. More and more campuses prefer speeches by well-known figures who will attract news coverage.

**Shorter Takes:** The U.S. black population grew twice as fast as the white population from 1980 to 1984, reaching 28.6 million, or 12.1 percent of all Americans, according to the U.S. Census Bureau. Thanks in part to restrictions on Japanese imports, the car-manufacturing state of Michigan is rapidly recovering from its recent depression. Unemployment, for example, has dropped from 17 percent two years ago to 10 percent today. San Diego is pioneering distribution of federal food stamps by automatic teller machines, much like those used by banks.

## Fewer Dog Bites, More People Bites

Cases of dogs biting people still outnumber cases of people biting people in New York City, according to the city health department — 10,659 to 1,593 last year — but bites by people have been increasing for six consecutive years, while bites by dogs are on a downward trend.

When man bites dog, that will still be news, according to Marvin Bogner, the department spokesman. "We have had no reports of man biting dog, but that is probably because dogs don't phone in," he said.

Compiled by ARTHUR HIGGEE

## Reagan Stoutly Defends His Income Tax Reform As Good for All Citizens

By Gerald M. Boyd

**BLOOMFIELD, New Jersey** — President Ronald Reagan mounted a spirited response to critics of his tax plan in a speech here, saying the proposals did not favor any state and would not harm taxpayers in high-income-tax states like New York.

The president spoke to several thousand flag-waving enthusiasts on one of several trips around the country to press the case for his proposed tax revision.

Bloomfield is about 15 miles (24 kilometers) from New York, where Mr. Reagan's proposal to end the federal deduction for state and local taxes has aroused vehement criticism.

Governor Mario M. Cuomo of New York, a Democrat, is a key opponent of the provision, which U.S. officials have called vital because the revenue it would provide would help offset cuts elsewhere.

The president said the current income tax system was "ready for the ash heap of history" and that Congress faced the difficult task of replacing it with one that is "fair and easy to comprehend."

The plan would simplify individual tax rates, and the exemption for state and local taxes, increase allowances for individual exemptions and cut from 15 to three the number of tax rates.

The president's visit to New Jersey for a speech devoted exclusively to his tax plan marked a renewed effort by the White House to use Mr. Reagan's popularity to muster support for the tax issue.

Bloomfield, with a population of 50,000, was chosen to give the president a small-town backdrop that, seen on television, comes across as a typical U.S. community.

The president said, without naming names, that opponents were trying to block his tax revision program, which he contended would benefit the family, reduce the influence of special interests and allow people to get ahead.

"Our tax reform is not without its foes," he said. "There are those who won't oppose it outright but who'll try to nickel and dime it to death. Others will use any false argument they can, any scare tactic, to cloud the truth and raise confusion."

"There are those who say our tax plan will benefit some states and hurt others. They say that when we eliminate the deduction for state and local taxes, we'll hurt the people who pay those taxes in the high-tax states."

"Well, again, it's simply not true," he said. "Governor Cuomo has said that the plan is unfair to New York and other states with high tax rates. He has also traded charges with a senior Reagan adviser, Patrick J. Buchanan, after Mr. Buchanan had suggested that high-tax states are 'neo-socialist' governments trying to 'redistribute the wealth.'"

Mr. Cuomo termed the remarks by Mr. Buchanan, the White House communications director, "stunningly irresponsible."

## ■ Senator Warns on Changes

At a Senate Finance Committee hearing Thursday, Bob Packwood, Republican of Oregon and the committee chairman, told a group of corporate chief executive officers he feared that by the time Congress finished changing the tax reform plan it might be a significant money loser, United Press International reported from Washington.

"We think when we get to the end of this bill we may be a couple hundred billion dollars short," Senator Packwood said. "Then what do we do? Where do we get the money?"

## ■ Executives See Job Loss

Gary Klotz of The New York Times reported from Washington:

Representatives of capital-intensive industries told a House panel Thursday that the cutbacks in investment incentives in Mr. Reagan's tax plan, proposed as a way to pay for tax cuts for individuals, could cost many workers their jobs.

Executives of the Inland Steel Co. and the Houston Natural Gas Corp. said that a number of expansion projects planned could be jeopardized if the Reagan tax revision plan were enacted.

They told the tax-writing House Ways and Means Committee that the loss of the investment tax credit and cutbacks in accelerated depreciation would make the projects no longer profitable.

Kenneth L. Lay, chairman and chief executive officer of Houston Natural Gas, said his company's plans for a \$550-million hydrocarbon pipeline to Florida might be scrapped because the projected profitability of the project would be reduced 36 percent by the plan. Frank Lasner, chairman of Inland Steel, called the president's plan "dangerous."

## Ex-FBI Agent, Accused of Spying, Describes Affair

By Judith Cummings

**LOS ANGELES** — Richard W. Miller has testified that he was acting out "a James Bond kind of fantasy" last year when, as an agent of the Federal Bureau of Investigation, he became sexually involved with a Russian immigrant now accused of spying. The relationship, he said, "just sort of came with the territory."

Mr. Miller, the first FBI agent ever accused of spying, gave details Thursday of his affair with the woman, Svetlana Ogorodnikov, whom he said he had hoped to develop into an informer.

The agent was dismissed by the FBI last fall and he is accused of conspiracy to commit espionage with Mrs. Ogorodnikov and her husband, Nikolay, through the passing of secrets to the Soviet Union. Mr. Miller, 48, is testifying as a government witness at the trial of the Ogorodnikovs in Federal District Court here.

His trial will be scheduled later. The Ogorodnikovs have denied spying. Mrs. Ogorodnikov, 35, asserted that she thought she was helping the FBI through her dealings with Mr. Miller.



Richard W. Miller

Judge David V. Kenyon cautioned jurors on Thursday to avoid news accounts of other spy cases after learning that two jurors and two alternate jurors had heard reports of a remark by Secretary of Defense Caspar W. Weinberger that convicted spies should be executed.

The instruction came after lawyers for Mrs. Ogorodnikov complained that the comment was very prejudicial to their case.

Mr. Miller's testimony on Thursday came after earlier tough questioning by the prosecution. The former FBI agent, who is married and has eight children, admitted that by the time he met Mrs. Ogorodnikov he had a history of philandering and had been excommunicated by the Mormon Church for adultery.

He also admitted that he had been rated "minimally acceptable" as an FBI agent, had improperly used his job for financial gain and had stolen money from a family member and also from an elderly woman informer.

Mr. Miller repeatedly denied, however, that he had been having major financial problems, noting that his salary was about \$50,000 a year and that wife worked as a teacher.

Mr. Miller said that part of his motivation in getting involved with Mrs. Ogorodnikov had been that he wanted to redeem himself. "I wanted to improve my status with my fellow employees because I didn't feel I had much

respect," he said. He added that from the date of his second meeting with Mrs. Ogorodnikov, he had thought "she could be a veritable gold mine."

He said that she had contacted him, offering information on Soviet immigrants and asserting that she had contacts in the KGB, the Soviet intelligence agency.

"If I could pull this off," Mr. Miller said, "at least in terms of my employment I'd come out a hero."

He said he knew it was "improper" to have sex with an FBI informer, which is how Mrs. Ogorodnikov has characterized herself. He did not report the relationship to his supervisor.

"I was very embarrassed," Mr. Miller said, remarking that the sexual encounter was "not a bureau activity."

He said that he had discussed with his supervisor, Gary Auer, and a fellow agent, John E. Hunt, his first meeting with Mrs. Ogorodnikov, in May 1984, and her offer of information about immigrants. They warned him, he said, "to proceed with a yellow light of caution."

He had dinner with her the same day.

## In Swap of Spies, Physicist Was Key

Officials Say East Germany Was Eager to Get Him Back

By Kathy Sawyer

Washington Post Service

**WASHINGTON** — Alfred Zehe, an East German physicist, was the key to the successful conclusion of three years of negotiations that led to the exchange Tuesday of four Soviet bloc spies for 25 persons who had "been helpful" to the United States, according to U.S. sources.

They described Mr. Zehe as a respected scientist who had been recruited by the East German intelligence service for an ill-conceived mission. He was apprehended and sentenced to eight years in a U.S. prison without having acquired any worthwhile secrets, the sources said.

"He seemed more of a prestige person than a master spy," said a source. "Maybe they feel a little worse for having gotten him into trouble than they do about some of the spies they use."

Another source said: "It's true he's the most valuable" of the spies exchanged by the United States, "but he's not a master spy."

Mr. Zehe's defense attorney, Harvey Silverglate of Boston, portrayed the scientist as an amateur who had yielded to coercion to spy to protect his academic standing and to win travel privileges.

The Federal Bureau of Investigation

says its investigation showed he was a professional spy.

In a exchange Tuesday on a bridge linking the two Berlins, the United States traded the physicist professor, 46, along with a Polish businessman, a Bulgarian trade official and an elderly East German woman for 25 persons from the Soviet bloc. All four had been convicted or indicted for espionage.

The East Germans said they were especially eager to recover Mr. Zehe, according to Westerners involved in the exchange.

The negotiations "blew up" in late 1984, according to a government source. At that time, the Soviet bloc's best offer was 18 of its prisoners in trade for the four, he said.

"For some reason," the source said, "the deal got better for the Americans."

There was speculation that the East Germans had been waiting to see if the U.S. legal system would release Mr. Zehe.

"It's possible that until that final piece was there — Zehe sentenced — that no kind of skilled negotiating could have pulled it off," said a person familiar with the negotiations.

Those freed by the United States, besides Mr. Zehe, were: Marian Zacharski, a Pole; Penny

Kostadinov, a Bulgarian; and Alice Mickelson, an East German.

They were a small portion of what U.S. authorities say is a rising tide of agents sent to get secrets on technology.

Three of the four Soviet bloc spies had been turned in by American citizens, who pretended to be recruited and instead cooperated with the U.S. authorities.

The FBI and the U.S. Naval Investigative Service conducted a two-year investigation that led to Mr. Zehe's arrest in November 1983 at a Boston gathering of the American Vacuum Society, a group of physical scientists.

Rejecting the spying accusations, the physicist said after his arrest: "A highly trained spy? I am very sorry, I am a university professor."

Mr. Zehe later admitted that, under the direction of East German intelligence, he had met with a U.S. Navy employee seven times in 1982 and 1983 in Mexico City to buy secret documents. Affiliated with the University of Dresden, Mr. Zehe had been an exchange scholar at the University of Puebla in Mexico since 1976.

He paid the U.S. Navy employee \$21,800 for documents concerning military technology, the FBI said, and also gave him a special camera,



Alfred Zehe as he entered the U.S. Court in Boston

capable of taking up to 2,600 still photographs on one film cassette, and film specially prepared to photograph documents.

Mr. Zacharski, who got the most press publicity of the four spies, was sentenced to life in prison three and a half years ago, when he was 30, for conspiring with a Hughes Aircraft Co. radar engineer, William Holden Bell, to have film of documents on key weapons systems delivered to Polish agents in Europe.

## U.S. to Issue Wage Rules For States

By Kenneth B. Noble

New York Times Service

**WASHINGTON** — Labor Secretary William E. Brock soon will issue regulations requiring state and local governments to meet federal wage and hour standards, Labor Department and congressional sources say.

The action, which could mean higher earnings for hundreds of thousands of public employees, is to be announced in a few days. It follows the Supreme Court's ruling in February that the Labor Department has an obligation to enforce wage and hour standards over state and local governments.

In overturning a 1976 court decision giving the states special protections against federal interference, the Supreme Court held that the U.S. wage and hour standards cover employees of publicly owned mass transit systems. By extension, the court also affirmed the Labor Department's authority to regulate millions of other public employees.

Department and congressional sources said Thursday that state and local governments would be required to comply with the court decision beginning Oct. 15.

In addition, the governments would be liable for any back wages owed workers since April 15, when the Supreme Court made its final decision on the issue.

Congressional sources who were briefed on the new regulations said that they included complex formulas to calculate overtime hours worked by firefighters and police officers. For example, they said, firefighters would get overtime wages if they worked more than 53 hours a week, or 212 hours a month.

State and local officials have complained that the most immediate result will be an outlay of many millions of dollars in overtime pay for those who work split or unusual shifts, and that the paperwork will be burdensome.

All but the smallest jurisdictions already pay wages that equal or exceed the U.S. minimum wage, which is \$3.35 an hour, these officials say.

## Bourguiba Starts U.S. Visit

The Associated Press

**PARIS** — President Habib Bourguiba of Tunisia left here Friday for Washington, where he is to consult with President Ronald Reagan on Tuesday. His 10-day U.S. visit was preceded by a four-day stay in France.

## Carter Aide Says Argentine Leaders Admitted Torture

United Press International

**BUENOS AIRES** — Patricia Derian, a human rights official in the Carter administration, has testified in court here that senior Argentine military officials acknowledged to her that they knew about torture and secret executions of political prisoners.

When Ms. Derian entered the courtroom Thursday, lawyers for eight of the nine former military junta members on trial walked out. The former leaders are charged in the murder and torture of thousands of people who disappeared from 1976 to 1984.

The lawyer who remained was Carlos Tavares, the court-appointed defender of General Jorge Videla, a former president. General Videla had refused to hire his own attorney, saying, "History will judge."

Ms. Derian testified that there was a "kind of a pattern" in her interviews with the military rulers. She visited Argentina three times in 1977 in her capacity as assistant secretary of state for human rights under President Jimmy Carter to

investigate allegations of abuses of political prisoners.

She was the highest-ranking former U.S. official to testify to date at the trial, which began April 21. "After the first denial," Ms. Derian said, "there was an attempt to defend the practice, and then we reached a point in our discussions of great candor where these practices were acknowledged."

She said that General Videla had blamed the excesses on subordinates who could not be controlled.

Ms. Derian added that the former navy commander, Emilio Massera, denied at first that navy personnel were involved in torture. "We were talking about torture," she testified, "and he said that the navy doesn't torture, that it was the army and the air force."

The interview took place in the Navy Mechanics School, a known torture site during the years of military rule.

She said that she told the commander, "I have seen a rough diagram of the floor right below where we are now, and it is possible that while we are speaking some people

are being tortured right below."

"Then a frightening thing happened," Ms. Derian said. "Massera smiled with an enormous smile and made a gesture of washing his

hands and said, 'Remember the story of Pontius Pilate?'

Pilate was the Roman governor of Judea who turned Jesus Christ over for crucifixion."

## Rev. Nikolai Eshliman, 57, Rebel Russian Priest, Dies

New York Times Service

**MOSCOW** — The Reverend Nikolai Eshliman, 57, a Russian orthodox priest who co-authored a powerful critique of his church in 1965, died last Saturday after a serious illness.

Father Eshliman, who distanced himself from the church and from dissident activities after the controversy over his open letter, was barred with the title of a layman. He had been suspended from priestly duties as a result of the letter.

In 1965, Father Eshliman and another parish priest from the Moscow area, Reverend Gleb Yakunin, wrote a long and detailed open letter to the head of the Russian Orthodox Church at the time, the late Patriarch Alexei. Copies of the letter were sent to all bishops and quickly became widely known.

The two priests wrote of the mass closing of churches and monasteries under Khrushchev and charged that the government's Council for Religious Affairs had become an organ of illegal control over the church.

They wrote of the illegal registration of baptisms, the ban on services in homes and cemeteries, the estrangement of children from the church and the intervention of state authorities in the affairs of the churches.

The patriarch demanded that they retract their letter. When the priests refused, he suspended them from serving as priests.

In recent years, Father Eshliman was said to have suffered from ill health and depression. He reportedly made a living at his original profession, as an artist. Father Yakunin continued as an activist for religious freedoms, and in August 1980 was sentenced to five years in labor camps and five years in internal exile.

## ■ Other deaths:

Countess Katalin Karolyi, 98, widow of the president of Hungary's first short-lived republic in 1918-19, Count Mihaly Karolyi, Thursday in Antibes, France, the Hungarian Embassy in Paris said Friday.

George Chandler, 87, who played Uncle Fester in the "Lassie" television series, and succeeded Ronald Reagan as president of the Screen Actors Guild, Monday after a brief illness in Los Angeles.

Hsu Liangang, 74, a Chinese mathematician and chairman of the China Association for Science and Technology, Wednesday of a heart attack in Tokyo.

Fred Crane, 57, a jazz pianist who was a regular with such musicians as Al Hiri, Doc Severinsen and Johnnie Mercer, Monday of a heart attack in Dallas.

Colonel Jack Armstrong, 74, a retired air force officer whose name was made a legend of heroism as the "All-American Boy" on radio during the 1930s, Monday in Laguna Niguel, California, after a long illness.

## U.S. Said to Deploy 14,599 Nuclear Arms in 28 States

Los Angeles Times Service

**WASHINGTON** — Two military researchers in a new book have asserted that 14,599 nuclear warheads are deployed in 28 states in the United States and that thousands of other U.S. warheads are stored in eight other nations.

William M. Arkin and Richard W. Fieldhouse said in the book, "Nuclear Battlefield," that West Germany, Britain, Italy, Turkey, Greece, South Korea, the Netherlands and Belgium have stockpiled 6,100 U.S. nuclear warheads.

According to the authors, California has more military installations, assigned nuclear-warfare responsibilities, 79, than any other state.

A Pentagon spokesman, Michael I. Burch, said that he had not seen the book. However, he said: "From my limited knowledge of deployments, I don't think [their] figures are accurate. Yet I'm in the difficult position of not being able to straighten them out... since we never confirm or deny the presence of nuclear weapons."

A statement issued by the Institute for Policy Studies, a research organization, said the researchers received their material from government documents obtained through requests under the Freedom of Information Act, congressional hearings and reports, military reports and manuals, and data given them by government sources.

## Senate Passes Pollution Bill

Los Angeles Times Service

**WASHINGTON** — The Senate, shaking off pressure from the Reagan administration, has overwhelmingly passed legislation that would toughen federal water pollution control standards for the first time since they were written 13 years ago.

It was the second major environmental proposal to pass through the Republican-controlled chamber in a month. On May 16, the Senate unanimously sent to the House a bill requiring the Environmental Protection Agency to set standards limiting toxic chemicals found in drinking water.

On Thursday, in voting 94 to 0 to renew and strengthen the 1972 Clean Water Act, the primary law governing pollution of streams and rivers, senators ignored administration complaints that the measure was too costly and strict.

Similar legislation is expected to reach the floor of the House of Representatives soon.

Detailing the administration's position in a letter to the Senate majority leader, Robert J. Dole of Kansas, the environmental agency administrator, Lee M. Thomas, said the measure gave his agency responsibility to oversee pollution sources that would be better regulated at the state level.

In addition, he said, the measure authorized \$18 billion in federal sewer construction money for state projects through 1994, and thus ig-

nored administration plans to phase out the program by 1990.

The measure directed the agency to administer the disposition of \$300 million in grants to the states to check the flow of pollutants that run off parking lots, car washes, farm lands and a variety of other locations that had not been subject to federal controls.

It also kept a clause in the 1972 law that gave private citizens the right to sue to force compliance with water pollution rules.

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## ARTS / LEISURE

## Khmer Sculpture: Bargains for the Careful, Traps for Unwary

LONDON — Khmer sculpture is one of the great arts of the Southeast Asian past, which appears to have inspired would-be artists with an irresistible urge to copy it. Even the most careful auc-

## SOURN MELKIAN

tion houses have yet to find a way of avoiding the thousand-and-one traps they lay in the collector's path.

Walking through Sotheby's preview of Khmer, Thai, Indian and Himalayan Works of Art sold on Monday and Tuesday, one felt beset by doubts when confronted with some pieces. Large groups of Khmer sculpture simply do not turn up in the trade. To come across 46 statues or heads knocked off statues, two sitting lions and a number of architectural reliefs in a single auction has a touch of Alice in Wonderland.

Although the catalog title page described the sale as "including the Property of the Metropolitan Museum of Art, New York, The Late Mrs. V. Syers-Turner, a Deceased English Collector, a German Collector and Other Owners," it had little to say about the man who had

consigned most of the Khmer sculpture, the Bangkok-based Frederick Knight, whose Thai wife sat in the second row, watching the proceedings.

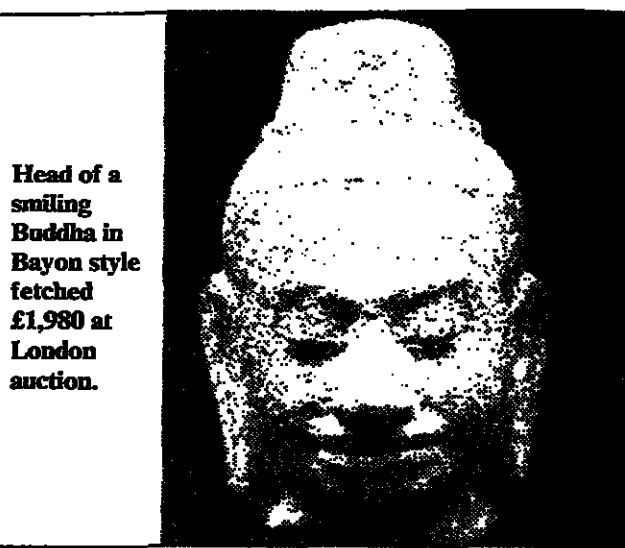
Bangkok is an obvious place to buy Southeast Asian sculpture. Debris from jungle temples and occasional uncontrolled digs in Cambodia filter through the border. Parts of the northwest of Thailand have historically belonged to the Khmer world, and there, too, particularly in the Lopburi area, countless sites have been visited by agents catering to dealers. The result is the continuing supply of headless torsos and heads without bodies.

But the Thais are skilled sculptors, which has led some to produce increasingly sophisticated reproductions of ancient sculpture. Could some have slipped into the sale?

Looking at "A Khmer Gray Stone Female Figure, Baphuon style, 11th century," one could not help wondering at the awkwardness of the skirt, with its hesitant curves, and the almost realistic handling of the face that seemed unlike the idealized art of Buddhist Cambodia. Two of the most respected international dealers in the field, both insisting on anonymity, said that the piece could not be right. It sold for £15,950 with commission (about \$20,000).

The following lot, "A Khmer Gray Sandstone Head of Avelokitesvara, Baphuon 11th century," was equally disturbing. The clumsy pyramidal headdress and the sketchy appearance of a row of seated Buddhas perched on the head above the forehead make it an unlikely candidate to that glorious style and period of Khmer art. This went for £3,850.

Then there was "A Khmer Gray Sandstone Hariharas Head, Angkor Wat style, circa 12th century," which looked like a caricature. The tall, exaggerated headdress hesitates between a truncated cone and



Head of a smiling Buddha in Bayon style fetched £1,980 at London auction.

a sinuous cap form. The face is too broad, the small eyes, closely set, are topped by rigid, clumsily carved eyebrows. The head sold for £2,640.

Four lots later, "A Khmer Gray Sandstone Standing Figure of Uma, Angkor Wat style, 12th century," fell in the same league. The statue suffers from an obvious lack of proportion. The head, stuck on

rigid horizontal shoulders, is huge and the bust too short. The knotting of the belts around the waist has been misunderstood. A bit of fabric supposed to be the loose end of a fold has too much relief to it and is in the wrong position. That remained unsold as the hammer went down at £4,000.

The irony, as in all sales where good and bad are mixed, is that the

best pieces were not more expensive than those that so desperately strove to copy them. A headless standing figure from Banteai Srei datable to the 10th century was a very fine object. It made £6,600, exactly the middle of Sotheby's estimates.

One of the masterpieces in the auction was an other buff sandstone head of the Buddha with closed eyes and the ecstatic smile on its lips that is the hallmark of the greatest style at Bayon in the late 12th and early 13th centuries. It shows some wear but no restoration, and the nose, that strategic part of the face in any sculpture, which nearly always gets damaged, was intact. The masterpiece went down for a laughable £1,980, at half the low estimate of £4,000.

The greatest piece in the sale, by far, was a sandstone torso of a four-armed male deity in the Kulen style. It belongs to the 9th century, of which specimens seldom turn up on the market. One dealer who probably sees more Southeast Asian sculpture than any of his colleagues said that he had not seen a comparable carving in the last five years. It was knocked down at only £20,900, Sotheby's estimate of £6,000 to £8,000 simply betraying the cataloger's lack of familiarity with Khmer art. The price is not exaggerated on that level of quality.

It is typical of this difficult field that an undesirable female figure dated by Sotheby's to the 12th century should have been bought a few minutes earlier by a Paris gallery for £19,800—only £1,100 less than the 9th-century masterpiece.

Some of the finest acquisitions were even within the reach of buyers with limited resources. The earliest, and rarest, carving of all was a splendid gray stone Buddha head of the 6th or 7th century. It belongs to a phase of Khmer art that precedes the earliest period at Angkor. Stylization conventions of Indian art in the late Gupta period are still to be detected, such as the spiraling curls of the hair. The carving has lost much of its sharpness with the passage of time, but the head retains much of its former grandeur.

It was knocked down at £1,210, and would be a fine acquisition for any university museum wishing to illustrate a style of the utmost rarity.

Another low price in the sale was the £1,500 paid for a pair of iron stirrups covered with gold foil, if

one could be sure that the entry describing them as 13th-century Khmer is correct. The trouble is that no one knows anything about early stirrups in Cambodia. The Khmers were not a horse-riding race. The stirrups are clearly early, but how early is difficult to tell. The ornament is inconclusive, the rusty condition is no indication of age. They are splendid pieces for someone who likes art or is interested in the history of military equipment, but not a good investment. Uncertainty about the nature of an object inevitably brings down the number of potential buyers to a handful.

That is actually the plight of Khmer art as a whole. Its market is narrow, despite its splendor. At the top end, there are less than five "serious buyers," to use a favorite expression of the trade. After John D. Rockefeller 3d died a few years ago, leaving his admirable collection to the Asia House in New York, there was a perceptible lull in the market.

Stricter laws concerning the protection of national monuments has induced a praiseworthy reluctance among top U.S. collectors to get involved. The trend is unlikely to change.



"Les diables froids" (Cold Devils), c.1860.

## Félicien Rops: A Prurient Moralizer

By Michael Gibson

PARIS — Periods of social collapse and upheaval breed disquieting fantasies about women: they suddenly appear perverse, threatening, an instrument of death and the devil. In such times both puritanism and sexual license are exacerbated and the confrontation can become violent.

Puritanism during the decline of Rome and the Industrial Revolution, for example, is usually ascribed — erroneously — to the baneful influence of Christian doctrine upon an otherwise healthy and "natural" pagan culture. Yet as the classicist E. R. Dodds writes of declining Rome, "Pagans and Christians vied with each other in heaping abuse on the body." And revolutions in general also have their prophets of sexual austerity, which Orwell grimly derided in his imaginary "Anti-Sex League."

The Belgian artist Félicien Rops (1833-1898) was much admired by Charles Baudelaire, and his work appears today as a perfect expression of this sort of mentality in the late 19th century. Rops was first of all a talented illustrator intelligently aware of the mood of the age as it was expressed, for instance, in the writings of such French novelists and pamphleteers as Joris Karl Huysmans, Barbey d'Aurevilly and the preposterous Josephin Péladan.

Rops's subject matter oscillates between the poles of puritanism and license, and he often succeeds in blending them into a single image of moralizing prurience. Woman, death and the devil are the puppets of an endless orgy *cum dantes macabre*, and they recur as the protagonists of many of his works, as they do in much of the Symbolist production of the day.

Rops had too much irony and humor to identify fully with the views his works expressed. His own relationship to women was unusual only to the extent that he lived under the same roof with two sisters to whom he gave an equal measure of affection and gratification. But he did seem to share the distressing puritanical belief of the day that sexual pleasure wears out and ages the body.

It is no coincidence that the second half of the 19th century saw the efflorescence both of that spectacular form of hysteria that Jean Martin Charcot studied at the hospital of La Salpêtrière and of the fashionable cult of Satan, which, in Huysmans's novel, "La-bas" appears in its literary variant.

To Baudelaire, Satan was a rebel hero on the Miltonian model, and this, among other things, was the affinity he saw between his views and Rops's. But Satan was also identified with sexuality in general: "Satanism," wrote Huysmans, "is the spiritualism of lechery." And Péladan declared: "Man is possessed of woman, and woman is possessed of the devil."

All this, and Rops's illustration of this theme appear almost comically remote from our own notions of art and life. Yet Rops's brilliant, executed work provides sharp delineation of a puritanical vision that is still active in the world today.

Why should such puritanism flare up in periods of social upheaval? One factor is that collapse and revolution (and even swift cultural change) destroy old rules of behavior and representations of values and with them the notions, symbolically expressed in myth and the language of everyday manners, of what makes a man a man and a woman a woman.

As the old order collapses, license becomes one way of asserting one's identity. But puritanism may also appear as a powerful defense against the threat that the opposite sex can suddenly represent to a person whose sexual identity is no longer attested and upheld by recognized cultural patterns. Woman, in this view, is an instrument of the devil because she attracts in an irresistible way, but she is also death in disguise, an abyss into which the newly vulnerable man, deprived of his culturally determined sexual identity, can lose himself.

Rops was by no means restricted to this theme, though it is no doubt the most interesting part of his production. He was also a highly gifted political cartoonist, as shown by his drawings attacking the death penalty or on the repression of the Polish insurrection of 1863 ("L'ordre règne à Varsovie"). He also had an inclination for naughty or saucy drawings not far from what one sees in the milder erotic magazines today.

His talent, in short, was multifaceted, and not least among those talents was his ability to publicize himself. In France, he not only achieved notoriety, but became the best paid illustrator of his day. "Félicien Rops," Musée des Arts Décoratifs, 107 Rue de Rivoli, Paris 1, to July 21; Musée des Beaux-Arts Jules Chéret, Nice, July 31-Oct. 15.

## Prague Funicular Reopens

The Associated Press

PRAGUE — The Petrin funicular, a cable railway built in 1891 that originally was water-driven and is now converted to electricity, reopens Saturday after being idled for 20 years because of a landslide in 1965.

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## ARTS / LEISURE

## London Pays Homage to the Huguenots

By Max Wykes-Joyce

LONDON—The epitome of Huguenot success, and acceptance in England, where these French Calvinists had taken refuge from religious persecution, is to be seen in a painting made in 1762 by Johann Zoffany. "Mr. and Mrs. Garrick in front of the Temple of Shakespeare."

David Garrick (1717-1779), the most famous of Shakespearean actors and the grandson of a Huguenot refugee named Garrigue from Bordeaux, was by then actor-manager of the Theatre Royal in Drury Lane.

The painting, shown at "The Quiet Conquest" at the Museum of London, is part of a celebration of 300 years of Huguenot activity in Britain, organized with the assistance of the Huguenot Society of London.

The show is divided into three sections, the first illustrative of the historical background, the second featuring the early Huguenot institutions in England, churches, charities, hospitals and schools; the third, and largest section, an analysis of the Huguenot contribution to English culture and life.

One of the most touching images in the historical section is an engraving by L. L. Bellotti, "The Church of the Desert," showing a gathering of persecuted French Protestants meeting in the countryside of the Cevennes, perhaps being addressed by Claude Bruyat (1647-1698), a Huguenot minister who was arrested while preaching in Béarn and broken on the wheel at Montpellier in 1698.

It was such vicious treatment that caused 40,000 Huguenots to come here, where they were welcomed and protected by the English king and queen, William III and Mary. They left France under peril of their lives, the men caught being either executed or sent to the galleys; the women incarcerated in nunneries; the children sent to strict Papist families where they were brought up in what Louis XIV had been led to believe was the only true and possible faith.

The Huguenots quickly acquired a reputation for industry and honesty, neatly illustrated in 1738 by William Hogarth in "Noon," one of a quartet of paintings, "The Four Times of Day." On the left of the print is a steakhouse and an ale house on Regent Lane, Soho, with ragged children, picking scraps from the mire, a footman fondling a serving wench, and an altercation at the upstairs window between the



Johann Zoffany's tribute to Garrick and Shakespeare.

cook and a patron. In the right are a foppish man, woman and child, presumably English, but dressed in fashionable French clothes; behind them are many neatly and soberly attired Huguenots, emerging from L'Eglise des Grues, a church originally built for Greek Orthodox worshippers, that by the 1680s had been made over to the first Huguenot congregation in London.

The activities of these first comers and their descendants are superbly displayed. The section devoted to "Medicine" shows a portrait by Rubens of Sir Theodor de Mayerne (1573-1655) (chief physician to James I), whose family had been earlier refugees after the 1572 Massacre of St. Bartholomew; and the trade card of Paul Savigny, surgical instrument maker, and some of the instruments.

Another trade card, in the "Engraving and Printmaking" section, is of Dorcas Mercer, widow of the painter Philip Mercier (1688-1760), a Huguenot born in Berlin, who had a printshop where she sold "Flower Pieces in Water Colors. Painted by herself, from the Life" to keep herself in her widowhood. Her cheerful shop, full of custom-

ers, is illustrated in an engraved cartouche at the top of the card.

The English welcomed the French Huguenot landscapists, passionate gardeners, among them Daniel Marot (1663-1732), a designer and architect who fled Paris in 1685 and entered the service of William III before the Dutch prince had left Holland to ascend the English throne. Marot designed the parterre for the formal garden at Hampton Court Palace in a style which, since he was a pupil of André Le Nôtre, was bound to show French influence; purist English gardeners condemned it as "a Dutch version of the French."

Another design of Marot's, in the show in its finished form, is the State Coach, designed for the king in 1698, and still in use on state occasions as coach for the Speaker of the House of Commons. This has been restored to its original colors, which are astonishingly modern, the great wheels with roundels of black and spokes of russet-orange contrasting with the gilded woodwork and silver handles.

Other sections are devoted to painting and sculpture, gunmak-

ing, gold working, watchmaking, jewelry, glass, ceramics and furniture. One other remains especially to be noticed — the silk industry. The Huguenots virtually took over the industry in England, and by 1740 almost all the French master weavers had been elected to and accepted by the Weavers' Company in the City. Many had settled in elegant houses in Spitalfields, which still provide homes for writers and artists.

The silk section includes designs by such as James Leman, Assistant of the Weavers' Company; a fire-screen of brocade silk by John Vansommer (1706-1774); and clothes of the period.

Moving to modern times there is a bronze bust of Samuel Courtauld (1876-1947), an Englishman of Huguenot descent, who formed the Courtauld art collection and founded the Courtauld Institute of Art.

"The Quiet Conquest: The Huguenots, 1685-1985," Museum of London, London Wall, EC2 to Oct. 31.

Max Wykes-Joyce writes regularly in the IHT about art in London.

## Russia Loans Modern Western Paintings to Rome

By Edith Schloss

ROME—Some of the canvases in "Cézanne to Picasso," on exhibition in the Capitoline Museums, have been on view in Paris and Leningrad, and last month in Venice, but quite a few have never left the Soviet Union before. The paintings come from the Hermitage in Leningrad and the Pushkin Museum in Moscow, and were originally acquired in Paris before the Russian Revolution by L. A. Morozov and S. I. Shukin, two far-sighted merchants who believed that the new liberty illustrated in these works would further progress and break the stranglehold of Czarist conservatism.

The first impression of the installation, not well lighted, is somewhat jarring, because the panels on which the modern masters are hung are in confusing proximity to the old masters hung permanently behind them. A busy street by Renoir, for instance, happens to be declaiming next to the dying St. Petronilla by Guercino. A Picasso is close to a Domenichino, and a Matisse nude hangs opposite a Saint Sebastian by Guido Reni. Maybe these odd juxtapositions may lead to fruitful comparisons.

Be that as it may, the most interesting thing about the exhibition is that it represents different stages of each artist's development. It begins with an early Cézanne of crimsoned ladies done in a thick pattern of strokes, follows him through densely brushed, almost claustrophobic landscapes and still lifes, to portraits, bathers, and the open and breathing late Mont-Saint-Victoire.

The Renoirs are in pleasant progression, but there is hardly a Renoir at his most glowing height. Gauguin is seen in all his past contrasts of color and appreciation of the life of blithe, bovine Oceania, mysteriously happy with his lot. There are two pungent Van Goghs.

None of the diverse Monets show him at his most atmospheric and iridescent splendor, but "Woman in the Garden" and "Field of Poppies," both rather tightly brushed, make the experience of a sultry summer afternoon in the south of France marvelously tangible.

The Picassos are all Cubist, good examples of his brainy playing around with form and space, but an early 1900 scene of poor lovers, plain and unidealized, is touching.

But it is obvious which painter Shukin, the

spice merchant, was really in love with — the master of our century long before he was recognized as such — with Matisse, of course!

From the "Red Room" of 1908, with its tablecloth ornament spreading into the wallpaper and taking up all the space except the spring view out of the window; to a Seville still life even richer in ornament, which is turned into pictorial invention; to the Spanish dancer; the "Goldfish Bowl"; the blunt bust of the sexy nymph chased by a faun over a salad-green meadow; we come to a painting which is still new not only in looks but in content.

"Nasturtiums" was painted in 1912. It shows how Matisse chose the human figure as supreme ornament, it reflects to the fullest his felicity of color.

Everything in this painting, though born of long thought and struggle, flows freshly and with elegant immediacy. It is one of the profoundest icons of our time.

"From Cézanne to Picasso," Palazzo dei Conservatori, Capitoline Museums, until June 30.

Edith Schloss, a painter, writes regularly for the IHT on art showings in Rome.

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Who's Tired of Floating?

For a dozen years the world has been living, not very comfortably, with currency exchange rates that float. It has been a dozen years full of surprises in the currency market, most of them disruptive and some very expensive. The float is the kind of arrangement that persists because nobody can quite think of an alternative that is likely to work. But perhaps that will now change, in a modest but useful way.

Floating means leaving a currency's exchange rate to the daily flow of buying and selling. Sometimes, as happened to the U.S. dollar in 1979-80, a currency's price in other countries' money falls well below its real value in terms of the things that it can actually buy at home. Sometimes, like the dollar today, it rises well above that value. That would never happen if foreign exchange only financed trade. But there are other forces in the currency market, great flows of investment and speculation, that constantly swing the rates, distorting trade and causing unemployment.

Until the early 1970s, governments could usually stabilize exchange rates by buying and selling on their own account. It was the enormous expansion of foreign currency trading that destroyed the fixed-rate system. On a typical business day the buying and selling of U.S. dollars now reaches about \$200 billion.

That is roughly 20 times U.S. GNP per day. But if governments can no longer fix exchange rates, they can still do a lot to damp down the swings and mitigate damage to their domestic economies. They can still intervene by buying and selling. It can be very helpful in the short run to break speculative surges.

For the longer run, there is only one thing that works—coordination of economic policy among the trading countries' governments. Most governments don't much care for the idea, because it limits freedom of action. The Reagan administration has until this spring resisted the idea vigorously, because it would mean international pressure on the United States to bring down its budget deficits.

But financial specialists representing most of the rich countries have been working on a set of proposals that constitute a nudge toward economic coordination. The process, working through the International Monetary Fund, is likely to move slowly toward adoption in the months ahead. Supporting it is very much in the interest of America in particular. The super-high dollar is not stable. If and when it begins to fall, America is going to need more help from governments abroad than it can expect under the present rules of the game.

—THE WASHINGTON POST.

## A Convenient Civil War

Some face has been saved and backside have been protected, but those are not good enough reasons for the House's change of heart about supporting the undeclared war against Nicaragua. After narrowly opposing all forms of aid to the "contra" rebels in April, the House now favors \$27 million in "nonmilitary" help over the next nine months. Since the Senate has voted \$38 million for a longer period, President Reagan has won a major political battle. The likely result is that the military battle will drag on, inconclusively.

If they mean what they say, that may be what Mr. Reagan and his newfound Democratic allies really want. Keeping up the "contra" attacks means that the president can damage and contain the Marxist regime without dignifying it in negotiation. And no Democrats get blamed for "losing" Nicaragua, whose leader had the effrontery to celebrate the April vote with a quick trip to Moscow.

Mr. Reagan secured the switch of enough Democratic votes by denying that he seeks the military overthrow of the Sandinists. In perhaps his clearest statement of the war's objective, he said it would endanger U.S. interests in Central America "if we tolerate the consolidation of a surrogate state... responsive to Cuba and the Soviet Union." That points to protracted harassment by the "contras," who obviously lack a knockout punch. Their jabbing is meant to keep the Sandinists off bal-

ance and preoccupied at home with a deteriorating economy and souring morale.

So what's wrong with that? The first objection ought to be human and moral: It is a policy bought with other people's blood. That "humanitarian" aid feeds a civil war in which the honor of the United States lies in the knapsack of hit-and-run terrorists.

A second objection is practical: As casualties rise, so do the risks that this may develop its own momentum. The most likely "accident"—perhaps even favored by some of the sponsors of insurgency—would be cross-border raids by Nicaragua against "contra" sanctuaries in Honduras and Costa Rica. The Reagan administration contends that the "contra" war is insurance against direct U.S. intervention, but it could well have the opposite effect, provoking events that eventually impel the use of U.S. forces.

An undeclared, low-level war for nebulous aims may be politically convenient to the president and Congress, but it baffles public opinion and alarms major allies in Latin America, not one of which supports the war. Bleeding Nicaragua is unlikely to produce plausible terms for a political settlement. It promises mainly misery for the combatants, discord at home and anti-Americanism abroad. The House's turnaround leaves the argument over Nicaragua stuck where it was, in a spongy bog.

—THE NEW YORK TIMES.

No longer are Congress and President Reagan at odds on Nicaragua. The political system has worked over the issue and finally fished up an agreed policy. In its central feature, the policy permits, after a year's lapse, the resumption of direct aid to the Nicaraguan "contras." Seventy-three Democrats voted for it, reversing their party's previous veto.

There is always potential value in establishing a bipartisan approach to contentious foreign policy questions. The very process of establishing bipartisanship can be, if bloody, a positive influence on policy. Certainly it was that way as Congress and the president gradually came together on El Salvador in 1983-84. Congress added its emphasis on human rights, democratization, reform and political dialogue to Mr. Reagan's stress on the military struggle. The outcome was a balanced policy that has a reasonable chance of working over time.

It has yet to be shown that the same process of establishing bipartisanship can have a positive outcome in Nicaragua. There the two sides' contributions, rather than reinforcing each other, may tend to cancel each other out.

From the House Mr. Reagan won a resumption of aid to the "contras," but under condi-

tions (logistical aid only, outside CIA and Pentagon channels) that make supporters uncertain whether the aid will produce the military pressures essential to success.

The conditions also include a statement from Mr. Reagan that he seeks not to overthrow the Sandinists but to coax them into negotiations and new elections. Whether this latest avowal of administration purpose describes its actual intent or represents any real change is very much up in the air. So is the question of whether this new assertion will liberate the Sandinists and make them ready for compromise. They can hear elated insurgents saying that the aid vote has restored a U.S. seal of unequivocal approval and given them the boost they need to press on.

The United States may end up with something of the worst of both worlds: certainly not enough conciliation and possibly not enough pressure to make the Sandinists alter course. The war could grind on, costing casualties, sidetracking diplomacy and increasing the chance of U.S. involvement as frustration mounts. But for now the debate is over. The question is whether the compromise can work.

—THE WASHINGTON POST.

## Other Opinion

### Spain and Portugal Plunge In

The Community is a hodgepodge of national egotism, regional prejudice and corporatism. After 30 years it is still unable to "denationalize." Yet it has given Spain and Portugal the chance to emerge from isolation—and not just the recent isolation due to totalitarian regimes. Madrid and Lisbon have decided to join forces with those who believe in the possi-

bility of a European federation. So there is cause for hope as well as for concern.

—Corriere della Sera (Milan).

Will we say one day about the membership of Spain and Portugal what we said after the admission of Britain—that it was a mixed blessing? We risk turbulent times that threaten our independence as free nations.

—La Dernière Heure (Brussels).

## FROM OUR JUNE 15 PAGES, 75 AND 50 YEARS AGO

### 1910: The Man to Save the Buffalo

PARIS — The British Government has just issued a statement that there is a plague of wild elephants in Uganda. They are roaming the country in devastating herds, eating up the settlers' gardens and even tearing the roofs off storehouses to devour the grain. Such a thing was never known there before. Neither did Theodore Roosevelt ever go shooting there before, and if this plague of elephants is the result of his trip it opens up a fine line of speculation. Elephants in Uganda are of little use to America, but why not apply the same cause for a much to be desired result in the United States? The buffalo is practically extinct. Let Mr. Roosevelt go shooting those that are preserved in Yellowstone Park and perhaps in time there will be herds of them again roaming the Western plains. Likewise lobsters.

### 1935: A Financial Panic in Danzig

WARSAW — Despite, or perhaps because of, devaluation of the guilder by 42 percent some months ago, a financial panic has developed in the Free City of Danzig which may have widespread repercussions. Efforts of the Danzig Senate to calm the public have proved unavailing and the situation has become so critical that, following the visits of Colonel Joseph Beck, Polish Foreign Minister, Dr. Hjalmar Schacht, German Minister of Economics, flew there [on June 13]. Poland blames the freezing of Danzig credits in Germany for the situation and threatens in turn, if Polish credits are frozen by restrictions, to transfer its foreign commerce, on which Danzig depends, to its own port of Gdynia. The situation has been complicated by the Nazi activities in the Free State before and after the recent elections.

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Director of the publication: Walter N. Thayer.

Asia Headquarters, 24-34 Hennessy Rd., Hong Kong. Tel. 5-25518. Telex 61170.

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U.S. subscription: \$322 yearly. Second-class postage paid at Long Island City, N.Y. 11101.

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## Do the Giants Know What They're Doing?

By Flora Lewis

PARIS — This is a period of uncertainty and groping in superpower relations, a crossroads at which small steps can be decisive for future directions. There are some disconcerting parallels in Washington and Moscow. Neither capital seems to have faced up to the tough questions it must settle before the two can engage seriously in the negotiations they have launched.

In Washington the battle continues over how to deal with the Russians. President Reagan wisely overrode administration hard-liners and ordered continued U.S. compliance with the SALT-2 treaty, although only for the time being.

Moscow's initial reaction was another propaganda burp, accusing the United States of plotting to destroy the whole idea of arms control.

So far the Soviets have responded almost hysterically to Mr. Reagan's Strategic Defense Initiative, making it the prime international political issue before anybody even knows if it is feasible. In both American and European opinion, the Kremlin has perverted support for the notion of "star wars" feasibility by persuading people that there must be something in it if the Russians take it so seriously.

The Soviet leader, Mikhail Gorbachev, has made his own priority clear. It is a massive effort

to modernize the Soviet economy without any important reforms in the system. His economic and military problems are necessarily linked.

To a surprising extent he has echoed the thesis that brought a degree of disgrace for the former chief of staff, Marshal Nikolai Ogarkov. It is that the technological muscle and productive capacity of the Soviet civilian economy must be sharply upgraded, not only to raise living standards but also as the essential base for maintaining military strength. The marshal was dismissed last year. There are hints that he is being rehabilitated.

He was one of the main Soviet spokesmen in the campaign opposing introduction of U.S. missiles in Europe. For nearly five years, that campaign was the central theme of Soviet diplomacy and it was a resounding failure. The Russians finally returned to the Geneva negotiating table anyway. They scarcely mention the missiles any more. Now their prime target is the SDI.

But they are shooting at "star wars" with the same diplomatic-propaganda approach they used so unsuccessfully against the Euromissiles, warning that all talks will break down unless

the United States swears off. This is peculiar. The Russians know very well that there is no way to impose a verifiable ban on research. They admit that they are doing research that could have similar applications. Still they return the so badly against the Euromissiles.

If they continue this line they risk recreating the kind of political box in which Washington feels obliged to plunge ahead whether the SDI looks sound or not, so as to deny a Soviet right of veto on U.S. arms decisions; and in which Moscow cannot back away from intransigence without appearing to have weakened. This kind of confrontational approach will block any chance of compromise. It threatens to collapse the whole effort to control the arms race by agreement.

That cannot be in the Soviet interest, any more than it is in the interest of the United States or the rest of the world. Very little is known about politics inside the Kremlin. Andrei Gromyko, who led Soviet diplomacy in its missile fiasco, remains foreign minister. It is not clear whether he is responsible for repeating the style of that campaign now, or whether the advice comes primarily from Soviet military men.

There are visible ways to escape the current impasse, which would be to direct talks toward amplifying interpretations and closing loopholes in the ABM treaty. John B. Rhineland, who was legal adviser to the U.S. SALT-1 delegation, has given testimony to Congress on clear and specific points worth taking up.

They are technical, but of crucial importance if the ABM treaty and probably arms control in general are to be saved. The critical period, under U.S. "star wars" planning, will come between 1988 and 1993, that is, during the term of Mr. Reagan's successor. But by then Mr. Rhineland notes, the ABM treaty "probably could not be put back together again even if a later decision were made not to deploy SDI."

The Russians are under an illusion if they think America's European allies can be mobilized to prevent American research. The Europeans' dilemma is whether to participate, but that in itself might breach the ABM treaty, which forbids technology transfers.

Indecision in East and West is eroding the hope for arms control. Weapons builders on both sides are reinforcing each other. Moscow's current stance can propel it further into the contest that its leaders say they want to avoid.

The New York Times



'He's playing it AGAIN, Sam.'

## A Second Chance for Papandreou and Some Allies

By Andriana Ierodiaconou

ATHENS — Politicians do not always get a second chance, but Andreas Papandreou has sailed through the elections of June 2 to a second term as prime minister with a clear lead of 5 percentage points over the conservative opposition.

As in 1981, when his Panhellenic Socialist Movement put an end to almost half a century of right-wing rule in Greece, Mr. Papandreou faces four years in government armed with a strong mandate with which to try to set right the country's wrongs.

The governments of some partner countries in the European Community and NATO — West Germany and Britain, in particular — reacted less than graciously to Mr. Papandreou's victory. Yet the Socialist's 45.8 percent mandate is presumably a product of the democratic freedoms that the West was pleased to see Greece recapture after the painful experience of the colonels' dictatorship.

So perhaps another way to look at the election result is that it gives

Athens's allies a second chance to understand and come to terms with Andreas Papandreou's Greece.

This applies to the United States — which, as it happens, sent what Mr. Papandreou called a "warm" message of congratulations. Starting before the elections, he has been sending signals to Washington, using the press as one channel of communication, to indicate that he wants to improve Greece-U.S. relations.

At a press conference three days after his victory he aired a two-part proposition, suggesting it as a basis for improvement. America, he said, "must recognize clearly the problems Greece faces today," and Greece must see to it that "pains are taken to explain that whatever positions we take have to do with this country and are in no sense intended to be offensive or inimical to the U.S."

When Mr. Papandreou talks about "national problems," he means Tur-

key. Many of Greece's allies in NATO or the EC switch off when the Greeks start talking about Turkey. In his first term Mr. Papandreou rendered a disservice to his own cause when he alienated the very Western goodwill he was trying to cultivate by adopting the role of the abrasive dissident on international issues of particular sensitivity — the South Korean airliner and Poland, for instance.

Yet it is a fact of Greek political life that the country faces problems in connection with Turkey. It is not only Mr. Papandreou's view. It is the national view, held across the board from the far left to the far right.

The crux of these problems is Cyprus. Turkey invaded the strategic island — whose population is 18 percent Greek Cypriot — in 1974 after the Greek junta staged a coup against the government of Archbishop Makarios. Eleven years later Turkish troops

still occupy more than a third of Cyprus, holding Greek Cypriot properties. That is problem number one.

To protest against what it viewed as NATO inaction in the face of the invasion of Cyprus by a member state, Greece withdrew from the military wing of the alliance for almost six years. Its return in 1980 was carried out under the shadow of a Turkish bid for a larger slice of the operational control pie in the Aegean, which would change the pre-1974 arrangements at the expense of Greece. The issue is still unresolved. That is problem number two.

Disputes on continental shelf rights, territorial waters, airspace and Greece's right to militarize Aegean islands such as Lemnos — all of which sprang from the Pandora's box opened by the Cyprus crisis — constitute problem number three.

These are the "national problems" that Washington is called upon to understand. As the dominant superpower in the region the United States has the ability to help resolve them.

By the admission of Greek, Turkish and American officials, the single most effective catalyst for resolving the Athens-Ankara disputes would be a Cyprus settlement. Washington gave behind-the-scenes support to a UN-sponsored meeting in January between Cypriot President Spyros Kyprianou and the Turkish Cypriot leader, Rauf Denktash. The meeting was a failure. Since then Mr. Denktash has proceeded to consolidate the self-styled state he proclaimed in the occupied north of Cyprus in 1983, through a referendum for a "constitution" and so-called "presidential elections" — moves that in the view of Western diplomats in Nicosia do not bode well for a settlement.

Roughly put, Mr. Denktash talks to Ankara, and Ankara talks to Washington. That seems an obvious place to start if the United States intends to respond to the first part of Mr. Papandreou's proposition.

As for the second part, Mr. Papandreou says he will make efforts to explain to the United States that there is nothing personal in controversial positions that Greece might choose to take on international, bilateral or NATO issues. The Greek skepticism over the South Korean airliner incident, or opposition to sanctions against the Jaruzelski regime in Warsaw, might not have aroused quite such a storm if they had been expressed with more tact.

Yet it is difficult to imagine Washington not being uneasy with Mr. Papandreou if comparable disagreements occur during his second term. When and if this happens, there is something that might be borne in mind: The United States is reaping today, in Greek anti-Americanism and a relative Greek tilt toward the Soviet Union, what it sowed by backing the Greek colonels in the late '60s and '70s. This is one of the lessons of Mr. Papandreou's Greece.

International Herald Tribune



## Democrats March to Reagan's Beat

By Mary McGrory

WASHINGTON — Right after the House voted down the Boland amendment on Wednesday, Speaker Tip O'Neill was in his private office doing what he often does — a favor for a friend. Still smarting from the clubbing he took on a move that would have ended CIA involvement with the "contras," he was making a tape for a fund-raiser for Mo Udall of Arizona.

Mr. O'Neill did not want to talk about what had just happened. He read from a statement hastily prepared by his staff, which pointed out that President Reagan had won only by repudiating military aid for the rebels, criticizing their conduct, agreeing to negotiate with the Sandinists and disavowing any intention of overthrowing them.

The speaker's heart was not in it. "I just can't explain it," he said.

It was a galling personal loss. He had thrown all of his weight into the fight, casting aside his usual diffidence on foreign policy questions. On Nicaragua, he thought he knew, firsthand, more than the State Department or the White House. A boyhood friend had gone to Nicaragua as a marine and been stabbed "for United Fruit." An aunt, a Maryknoll missionary, had assured him that the Sandinists, whatever their philosophy, were making a better life for the common people.

But the House, which seven weeks before had unexpectedly defied the president on any aid for the "contras," was nervous. Speaker O'Neill knew it and tried to make his colleagues nervous on a larger

scale. Against talk of appeasement, compromise and Marxism-Leninism on the doorstep, he had respected heatedly that intervention would lead to war. He thought this warning was a powerful counterweight against Nicaraguan President Daniel Ortega's trip to Moscow, and against Democratic fears of looking "soft on communism."

At his news conference before the session began, Mr. O'Neill elaborated on President Reagan's martial fantasies, which he thinks are the roots of the policy.

"He is not going to be happy until he has our marines and our rangers down there," Mr. O'Neill said. "He can see himself leading a contingent down Broadway with paper flying out the windows, with a big smile on his face like a kind of grade B motion picture actor coming home the conquering hero."

He recalled Mr. Reagan telling him about the glorious day he pictured in Beirut, "with people waving handkerchiefs for the marines who had unified their country."

"It's unbelievable," Mr. O'Neill muttered, "but that's the way he talks, and that's the way he thinks."

But Mr. Reagan didn't die the day, 232-196. Fifty-eight Democrats deserted Mr. O'Neill and his pal, Edward P. Boland, the Massachusetts Democrat who chairs the House's Select Committee on Intelligence.

The most painful moment of a black day may have been the defe-

ction of John P. Murtha. Speaker O'Neill had befriended the Pennsylvania Democrat, a huge, blunt, assertive Vietnam veteran. But Mr. Murtha made one of the show speeches, an emotional tirade about the wounds in Congress who had lost Vietnam by sending mixed signals.

Mr. O'Neill stood alone in the back of the chamber, his bulk draped over the brass railing, not wanting war and looking the picture of woe as Mr. Murtha spoke of people who had "fought in the mud, who had water up to the waist."

The Republicans were in rapture. Their leader, Robert H. Michel of Illinois, principal architect of the "humanitarian" aid bill, took a front-row seat for the affair. When Mr. Murtha stopped shouting, he rushed forward to shake his hand.

Mr. O'Neill was seared by the betrayal. "He is one of my dearest friends in the House," he said of Mr. Murtha. "I am upset. I am very, very upset with him."

Dolefully he said that the members voted against their constituents, who, polls show, want no part of Mr. Reagan's quarrel with the Sandinists. And it wasn't Mr. Ortega's trip to Moscow. After all, Prime Minister Rajiv Gandhi, who also went to see Mikhail Gorbachev and take money from him, was invited to address a joint session of Congress — and at the request of the president, Mr. O'Neill noted.

"I don't know," he said. "I can't explain it. They're afraid. They're afraid of Ronald Reagan."

Washington Post Writers Group

## The Pacific: An Ocean, Not a Basin

By Robert W. Gibson

LONG BEACH, California — Few people came to Long Beach last month for the first Pacific Rim Expo, which may also have been the last. "It's dead," said a representative from a participating company on the fourth and final day of the event.

It is dead to be a Pacific Rimmer. If you are a Californian, especially in business consulting where client-building is important, it is fashionable to talk up the rim. When Ronald Reagan reached the White House he even named a Pacific Basin ambassador, the first. It was not whimsy.

About half of the world's goods and services come from nations rimming the Pacific Ocean. The United States and Japan have the world's two largest economies. Since 1977, more U.S. trade flows across the Pacific than the Atlantic.

So it makes sense to have somebody looking after the Pacific Basin, and Ambassador Richard Fairbank does an important job traveling the

In fact, more divides the nations of the Pacific Basin than unites them.

territory, giving speeches and keeping an ear open. But he may not be a true Pacific Rimmer, since he is skeptical of boosters who talk of a Pacific common market or any other kind of association with political undertones.

A typical Pacific Rimmer takes the economic megafacts about America, Japan, China, South Korea, Taiwan and the others, stuffs them into a pipe bowl and blows a colossal bubble encompassing them all. The shimmering result is labeled Pacific Rim (or Pacific Basin, among other names) and presented at the world's most lucrative, promising market.

It is illusion, of course. More divides the nations of the Pacific Basin than unites them. But for many West Europeans the illusion creates anxiety. The French in particular seem to fear being shut out. And the Russians, who are suspicious of any grouping they cannot dominate, denounce the Pacific Basin as a Washington-Tokyo-Camden conspiracy.

In fact it is a vague concept, except perhaps to an oceanographer. It stretches from the Arctic to the Antarctic. It will not in our time be a common market, a free trade association or even a GATT grouping.

What it turns out to be is a matrix for massive trade flows—about \$140 billion last year—and growing capital movement. These phenomena naturally follow industrial and technological development in the United States, Japan and, to a much lesser extent, some other Pacific countries. To make more of it is to raise false expectations, or fears.

The Pacific Basin does not even have a traffic cop; no authority coordinates the movement of trade. And no collection of nations could have more disparity than the large and small, capitalist and socialist and communist, religious and nonsectarian, lending and borrowing, strong and weak countries of the basin.

It is half the world, and the only common link is a shoreline washed by the Pacific Ocean.

Even the free-market nations do not coalesce. Singapore would feel overwhelmed in the same league with the United States and Japan. ("At some point we might think of a Pacific Crescent," a Singapore economic official said. "This would swing along the Asian coast from Japan to Australia," but preclude the United States, South Korea and Taiwan compete, and both, like Japan, fear rising protectionism in North Korea, Malaysia, Indonesia and Thailand are beginning to bite into some of South Korea's and Taiwan's old markets.

Yet the glint shines among Pacific Rimmers. Seminars and conferences on the Pacific Basin are held by the score each year, often sponsored by scholars but attended by government officials and business executives.

Among the subjects Pacific Rimmers discuss when they get together is who should belong to the group. If China, whose about Taiwan? What role for Vietnam and North Korea? How about Mexico and other Latin American countries? They also discuss agendas — what they should discuss. Topics range from nuclear energy to student exchanges.

An interdependent Pacific Basin, united in prosperity, might be the key to a peaceful world. But it is rare to find even two countries with enough in common for a lasting bond. In the end, national interests prevail.

Next year's Pacific Rim Expo probably won't attract as many as the 250 exhibitors this year. "We have better things to do than talk with other exhibitors," one company's agent said at her lonely booth.

The writer is the Los Angeles Times's international economics correspondent.

## LETTER TO THE EDITOR

### Apartheid Won't Wither

The "serious, nonracist case against sanctions" espoused by The Washington Post in its editorial "Sanctions on South Africa" (June 7) is a bit difficult to take seriously, precisely because it proposes an economic solution to a political problem.

The argument that economic growth will solve the blacks' problems is not only mistaken (witness U.S. history), it confuses the issues involved. It assumes that if we wait long enough, apartheid will, like the Communist state, wither away.

Unfortunately, those who enjoy power rarely offer to share it with others, least of all with those who have a rightful claim to it. Furthermore, it is far from certain that the intended beneficiaries of such an ap-

proach will patiently (and indefinitely) wait for trickle-down justice.

Good policy is not simply the "type that widens blacks' economic advantages and openings," but that which visibly promotes social justice. The issues involved in the apartheid problem are political and human rights, not economic opportunity.

Imposing sanctions would not only send a powerful message to South Africa that the status quo will not last, it would also provide the South African government with an opportunity to introduce meaningful political change while it is still in a position to do so. It is an opportunity that the Afrikaners would be well advised to take advantage of.

DANIEL BRIGHT,  
Châllion, France







NYSE Most Actives				
Vol.	High	Low	Last	Chg.
IBM	125.25	124.75	125.00	+0.25
AT&T	100.00	99.50	100.00	+0.50
Amgen	100.00	99.50	100.00	+0.50
Amgen	100.00	99.50	100.00	+0.50
Amgen	100.00	99.50	100.00	+0.50
Amgen	100.00	99.50	100.00	+0.50
Amgen	100.00	99.50	100.00	+0.50
Amgen	100.00	99.50	100.00	+0.50
Amgen	100.00	99.50	100.00	+0.50
Amgen	100.00	99.50	100.00	+0.50

Dow Jones Averages				
Open	High	Low	Last	Chg.
Index	1252.38	1248.44	1250.00	+16.62
Indus	1252.38	1248.44	1250.00	+16.62
Comp	1252.38	1248.44	1250.00	+16.62

NYSE Index				
Open	High	Low	Last	Chg.
Composite	1252.38	1248.44	1250.00	+16.62
Indus	1252.38	1248.44	1250.00	+16.62
Comp	1252.38	1248.44	1250.00	+16.62

Friday's NYSE Closing				
Vol.	High	Low	Last	Chg.
Index	1252.38	1248.44	1250.00	+16.62
Indus	1252.38	1248.44	1250.00	+16.62
Comp	1252.38	1248.44	1250.00	+16.62

AMEX Dories				
Open	High	Low	Last	Chg.
Advanced	1252.38	1248.44	1250.00	+16.62
Declined	1252.38	1248.44	1250.00	+16.62
Unchanged	1252.38	1248.44	1250.00	+16.62

NASDAQ Index				
Open	High	Low	Last	Chg.
Composite	1252.38	1248.44	1250.00	+16.62
Indus	1252.38	1248.44	1250.00	+16.62
Comp	1252.38	1248.44	1250.00	+16.62

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
BAT	1252.38	1248.44	1250.00	+16.62
AT&T	1252.38	1248.44	1250.00	+16.62
Amgen	1252.38	1248.44	1250.00	+16.62

Dow Jones Bond Averages				
Open	High	Low	Last	Chg.
Bonds	1252.38	1248.44	1250.00	+16.62
Indus	1252.38	1248.44	1250.00	+16.62
Comp	1252.38	1248.44	1250.00	+16.62

NYSE Dories				
Open	High	Low	Last	Chg.
Advanced	1252.38	1248.44	1250.00	+16.62
Declined	1252.38	1248.44	1250.00	+16.62
Unchanged	1252.38	1248.44	1250.00	+16.62

Odd-Lot Trading In N.Y.				
Open	High	Low	Last	Chg.
Index	1252.38	1248.44	1250.00	+16.62
Indus	1252.38	1248.44	1250.00	+16.62
Comp	1252.38	1248.44	1250.00	+16.62

Standard & Poor's Index				
Open	High	Low	Last	Chg.
Composite	1252.38	1248.44	1250.00	+16.62
Indus	1252.38	1248.44	1250.00	+16.62
Comp	1252.38	1248.44	1250.00	+16.62

AMEX Sales				
Open	High	Low	Last	Chg.
Advanced	1252.38	1248.44	1250.00	+16.62
Declined	1252.38	1248.44	1250.00	+16.62
Unchanged	1252.38	1248.44	1250.00	+16.62

AMEX Stock Index				
Open	High	Low	Last	Chg.
Composite	1252.38	1248.44	1250.00	+16.62
Indus	1252.38	1248.44	1250.00	+16.62
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In addition, the failure of the Fed to drain reserves from the banking system when federal funds were trading at a relatively low 7 1/2 percent encouraged speculation that the Fed might lower the discount rate, he said.

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the end of the month is very strong," said Maria Ramirez, first vice president at Drexel Burnham Lambert.

But she said the rally in the bond market motivated by economic weakness is not healthy for stocks except in the short term. "Unless the economy bounces back, corporate earnings and stock prices will suffer," she said.

Halfway through the trading day, the Federal Reserve reported U.S. consumer credit expanded by \$8.27 billion in April.

IBM was the most active NYSE-listed issue, up 2 1/2 to 120.75.

Sperry followed, off 1 to 55 1/2. Standard & Poor's Corp. placed Sperry Corp. on its "CreditWatch" list with positive implications.

Burroughs was third, off 1 to 55 1/2. Standard & Poor's also put Burroughs on its "CreditWatch" list but with negative implications. Burroughs and Sperry are discussing a merger.

In other technology stocks, Data General added 1/2 to 33 1/2 and Digital Equipment 1 1/2 to 93 1/2.

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TWA dropped 1/2 to 19 1/2. It will be sold to Texas Air Corp.

General Electric was up 1/2 to 59 1/2 in active trading.

Capital Cities Communication, one of the session's biggest losers, fell 2 1/2 to 105 1/2. It may be selling its cable television systems to the Washington Post Co.

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Volume thinned to 93.09 million shares against 107.03 million Thursday. Stocks benefited from a technical recovery from Thursday's drop and from bond market strength, analysts said.

"Rumors the Federal Reserve might cut the discount rate today (Friday) fueled the strength in the bond market," Hildegard Zagorski of Prudential-Bache said.

Before the market opened, the Federal Reserve Board reported U.S. industrial production fell 0.1 percent in May, a weaker outcome than expected, and the Labor Department said U.S. producer prices rose 0.2 percent May.

The Commerce Department reported business inventories increased 0.4 percent in April.

"The stock market is bouncing from an over-sold position," said Hugh Johnson of First Albany.

In addition, the failure of the Fed to drain reserves from the banking system when federal funds were trading at a relatively low 7 1/2 percent encouraged speculation that the Fed might lower the discount rate, he said.

The economic data means the possibility of a discount rate cut sometime between today and

the end of the month is very strong," said Maria Ramirez, first vice president at Drexel Burnham Lambert.

But she said the rally in the bond market motivated by economic weakness is not healthy for stocks except in the short term. "Unless the economy bounces back, corporate earnings and stock prices will suffer," she said.

Halfway through the trading day, the Federal



# EGYPT

A SPECIAL REPORT

SATURDAY-SUNDAY, JUNE 15-16, 1985

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## Economy Entering A Period Of Change

By Ollar Tobamy

CAIRO — The Egyptian economy is passing through a transitional period during which its structure is being reshaped and its relations with the rest of the world are being redefined as economists hope for a new stage of sustained and balanced growth.

This new phase, starting with the beginning of the fiscal year in July, was forecast by the 1982-1987 social and economic development plan, laying the groundwork for wide-ranging changes. The detailed plan and the increasingly influential role exercised by the Ministry of Planning characterize a new style of managing the economy brought in by President Hosni Mubarak.

Although five-year development plans are not new to Egypt, having been introduced more than two decades ago, the current plan is distinguished by its direct impact, enhanced by close monitoring and regular follow-up.

The minister of planning, Kamal el-Ganzouri, asserted his satisfaction with the economy's performance in line with the plan, which he described as "corrective" for trends associated with rapid expansion. The first year of the plan coincided with the start of downward pressure on the economy brought about by a fall in government revenues. The growth rate of gross domestic product dropped from a record 9 percent before 1981 to 7.6 percent last year and an expected 7.4 percent this year.

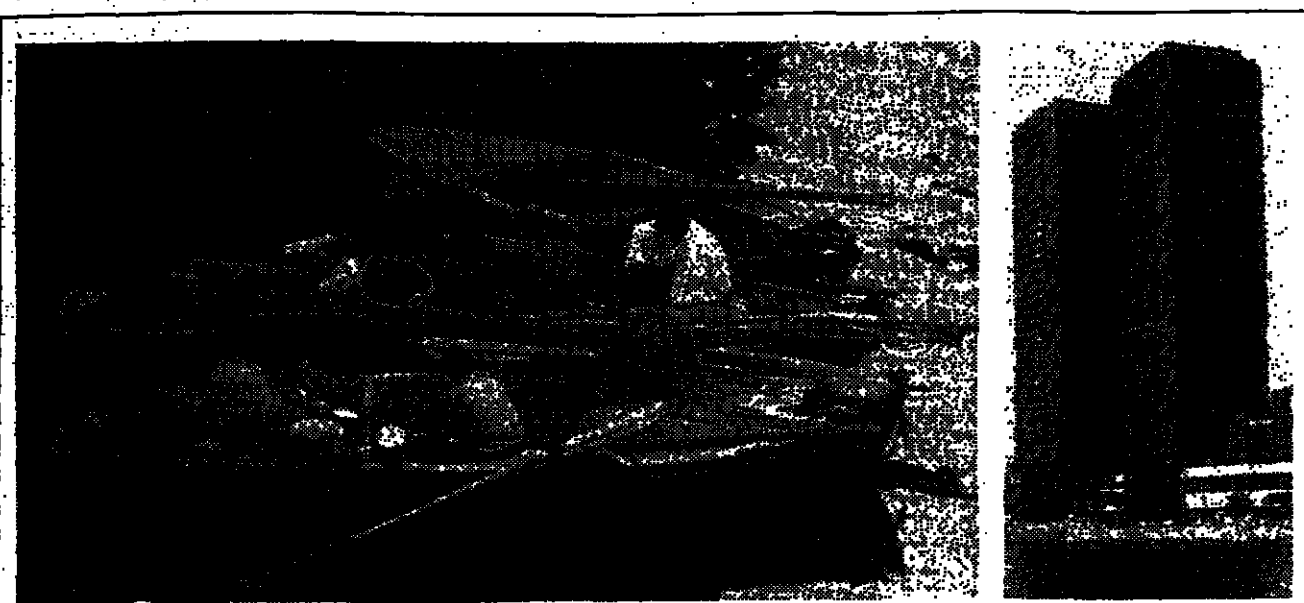
Mr. Ganzouri believes that the first challenge to the realization of the plan's goals is the rate of population growth, which remains one of the highest in the world at 2.7 percent annually. Another is the appetite for consumption, which he regards as incompatible with present economic conditions. The third challenge is that certain sectors of the economy have proven more capable of meeting their objectives than others.

The new fiscal year is a turning point in directing Egypt's economy toward import substitution and export promotion. The last few years have witnessed movement in the direction of import substitution, with increases in agricultural production permitting Egypt to substantially reduce its imports of eggs, beans, sugar and other items.

Rising industrial production has put an end to imports of fertilizer and has cut cement imports in half, also sharply reducing purchases abroad of consumer products such as cigarettes and electrical appliances. These results, have been achieved with the private sector contributing a quarter of new investments, exceeding its targeted growth.

The completion of a number of major projects has helped raise the

(Continued on Page 12)



The Nile At Cairo

River boatmen, above left, and new office buildings fronting the river, above right. At right, Cairo women wash clothes in the Nile.

## Arms Exports Earn \$2 Billion a Year

CAIRO — The Kahira AH-300, a sleek delta-winged fighter, is now a museum piece. Like many costly arms projects of the 1960s, it was scrapped by politicians.

But for the makers of the Mach-2 plane, the blow was especially hard. It had been designed and built in Egypt, a symbol of a capacity to meet the armed forces' most sophisticated needs with home-grown talent, albeit with a team headed by the German World War II designer, Willi Messerschmitt.

The plan was to make Egypt less dependent on outside suppliers for its weaponry. The last of three Kahira prototypes — the only one to have an all-Egyptian engine — flew in 1969 when the Egyptian Air Force ordered more MiGs from Moscow.

Three years later, President Anwar Sadat expelled the Russians, and the supply of MiGs dried up.

Aware since then of the dangers of relying on one country for arms, Cairo has diversified its purchases, buying mainly from the United States, France and Britain. But it also has turned its attention to building up its own arms industry and turned it into a major foreign-currency earner.

Western military experts put the

current value of export sales of Egypt's arms industry at about \$2 billion annually, double the value of 1982 sales.

Much of this income comes from sales, particularly ammunition and replacement parts, to Iraq for its war against Iran, which is now approaching its fifth year. Nigeria is another big purchaser.

But it is difficult to calculate profit in real terms against the investment made because of the secrecy surrounding Egypt's military spending.

Egypt's arms industry is under the Military Production Industries and the Arab Organization for Industrialization, which was set up in 1975 in cooperation with Saudi Arabia, Qatar and the United Arab Emirates. The three Gulf countries pulled out four years later when Egypt signed its peace treaty with Israel.

Despite the withdrawal of these rich associates, Egypt pressed ahead, true to a policy first promoted by the late Gamal Abdel Nasser to manufacture everything "from the needle to the rocket," and its success has exceeded many expectations.

The most prestigious program so far has been the assembly at the

Helwan Aircraft Co. factory, just south of Cairo, of the French-West German Alpha jet, a trainer and ground attack plane purchased to replace the aging MiG-17.

Alpha assembly was started in November 1982 with a target of 45 for the Egyptian Air Force, which is now almost complete. Some of the tools and jigs on the assembly line were locally produced and the factory made some moving control surfaces from scratch, which were then sent to Breguet-Dassault in France for installation on planes built in Europe.

Initially, some other Arab countries came to watch the Egyptian-assembled Alpha being put through its paces, raising Egyptian hopes that Dassault and Dornier, the West German Alpha partner, would commission the Helwan factory to produce more of the planes as a subcontractor for the regional market. But those hopes were never fulfilled. The Alpha assembly line would, it was hoped, give Egypt a high-technology base for its aircraft industry. But Western military experts question whether Egypt is not being too ambitious in aiming for the top end of the industry.

One senior Egyptian defense of-

ficial is on record as saying that Egypt does "not want to assemble weapons from kits; we want to produce them here where we have

(Continued on Next Page)

## Mubarak Scores Points For Foreign Policy, but Economic Woes Remain

By Julian Nundy

CAIRO — Egypt has edged closer to center stage in the Arab world this year, but it has still managed to improve its cool relations with Israel.

As President Hosni Mubarak approaches his fourth anniversary in power since he took over after the assassination of Anwar Sadat on Oct. 6, 1981, he has, in the words of one Western diplomat, "become his own man; he is no longer seen as Sadat's vice president."

While the pressing domestic problems of modern Egypt show no signs of disappearing, President Mubarak's successes in foreign affairs have increased his stature as leader.

For the most part, the impetus for improvement came from outside — when Jordan unilaterally decided to restore ties after a five-year break last September and with the change of government in Israel.

But, in the view of analysts in Cairo, Egypt has been careful to take full advantage of the opportunities offered. It has played an important backstage role in promoting new Jordanian peace efforts and dampened earlier criticism of Israeli policies in south Lebanon as Israel began to withdraw from the area.

On the domestic front, parliamentary elections in May of last year also helped to improve Mr. Mubarak's standing, they said.

While all the opposition parties accused the government of rigging the elections, analysts agreed that they were the freest ever seen in modern Egypt. The ruling National Democratic Party won a resounding victory with the new Wafd Party becoming the only parliamentary opposition with 57 of the People's Assembly's 448 seats.

"This has, nevertheless, created a vocal opposition, and Mr. Mubarak seems prepared to tolerate this; it has put his mark on Egyptian policies," one diplomat said.

Otherwise, Egypt's main problem — its rapidly increasing population — remains insoluble and could bring severe difficulties in the long term.

The current population is estimated at 48 million and is growing by 2.7 percent annually, or 1 million new citizens every 10 months. Half the population is under 20 and only 10 percent of the land, mainly along the Nile Valley, is considered habitable.

The government has set up a National Population Council to address the issue as Mr. Mubarak warned of "terrible famine, unemployment and terrorism" if population growth were not checked.

On the economic front, experts predict a balance of payments deficit in the current financial year. The balance was in surplus throughout the second half of the 1970s and into the 1980s.

Western economists say that many of the elements that enabled Egypt to stay in the black were only temporary and that nothing is on the horizon to take their place. They include remittances from Egyptian workers abroad, allowed to travel freely for the first time after the 1973 Middle East war, and income from the Sinai oil fields that Israel returned to Egypt. Both these sources of income appear to have peaked, the economists said.

One policy viewed as playing a large role in Egypt's problems is the

lack of import controls under *infitah*, or open-door policy of trade liberalization sponsored by Mr. Sadat to promote a free-market economy. "The open door has become like a saloon door, swinging back and forth," one economist said.

Another is the government's persistence in subsidizing food, energy and clothing. These measures, designed to help the poor, also benefit the wealthy since reduced prices are available to all. The International Monetary Fund has repeatedly asked Egypt to scrap the subsidy system.

But Mr. Mubarak wins high praise from Western economists for the interest he has taken in the economy since he took power. "He has made it a priority, whereas Sadat didn't seem to care," one said. Another major priority of the Mubarak years has been to keep a careful watch on internal security after Mr. Sadat's death at the hands of Moslem extremists.

Mr. Mubarak appears to have maintained control over the internal situation while taking care not to exacerbate tensions.

Trials of Moslem extremists rounded up after the assassination have been far from vindictive displays of revenge, with many defendants acquitted or getting only light sentences.

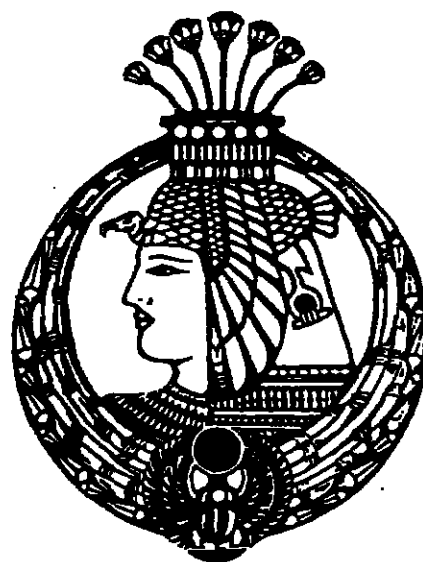
The Egyptian judiciary has won praise from Amnesty International for its independence. One tribunal ordered an inquiry into allegations of torture at the hands of police interrogators made by prisoners.

A reminder of Mr. Mubarak's security worries came in May when a group of demonstrators clashed with police outside a Cairo synagogue. They believed that Israeli negotiators attending talks in

(Continued on Next Page)

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## The 'Blooming Desert' Still in Dream Phase

By Anne Charnock

CAIRO — Hard work has brought few rewards for farmers trying to make the desert bloom in South Tahrir. These pioneers, spurred by the national dream of colonizing Egypt's vast and lands, are struggling to make a profit from their small 10- or 20-acre (4- or 5-hectare) plots, bought from the old state farms set up in Gamal Abdel Nasser's day.

They receive little guidance on what crop to grow or how to irrigate this unfamiliar territory. And as a result of daily electricity failures, water cannot be pumped from the main canals for hours at a time. So farmers must watch their crops die in the fields.

Desert reclamation is a top-priority government policy because of the country's rapid population growth and the consequent loss of prime agricultural land to urban sprawl along the Nile Valley and Delta. At first glance, desert farming would appear to be the domain

of large private companies. The Salhiya farm run by Arab contractors, west of Ismailia, is regarded as a showpiece project in so-called "new lands." It demonstrates that large-scale desert farming is technologically viable with its circular green fields watered by sophisticated center-pivot irrigation sprinklers.

However, small-scale farming, according to the Desert Development Center of the American University in Cairo, should not be dismissed because of its poor record. On a research and demonstration farm in South Tahrir, the center's multidisciplinary team is showing that small farms can make a respectable profit. And according to the center's farm manager, Denis Bower, "on the whole, a small farmer has a bigger chance of success because the large companies don't have the management expertise or the dedication."

The center is filling some of the



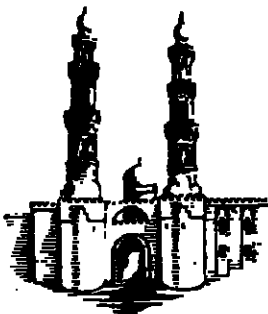
Farm workers at Kaha village, above, near Cairo. Below, a worker tends chicks at a poultry farm in the village.

Photographs by Bill Lyons

(Continued on Page 11)



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Capital, Reserves & Provisions	376,899
Deposits & Current Accounts	2,783,761
Banks & Correspondents	271,134
Sundry Credit Balances	249,441
	<u>3,681,235</u>
Contra Accounts	1,610,045
ASSETS	E.P.
Cash in Hand & Balances	1,721,883
with Banks & Correspondents	188,197
Total Investments	1,685,247
Total Advances & Loans	85,908
Sundry Debit Balances	<u>3,681,235</u>
Contra Accounts	1,610,045
Net Profit	43,387

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	1983 (\$1=0.83 LE)	1984 295.4
Total Assets and Total Liabilities	274.5	295.4
Assets		
Cash and Deposit with Banks	162.6	155.3
Loans and Advances	88.8	111.7
Investment at cost	3.2	4.9
Bank Premises at cost	7.6	10.4
Liabilities		
Deposits and Current accounts for Clients	151.3	173.2
Deposits and Accounts due to Banks	67.2	58.2
Total Shareholders equity	35.1	38.8

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON DECEMBER 31, 1984 (in Million Dollars)

	1983 (\$1=0.83 LE)	1984 27.7
Total Income	25.7	27.7
Total Expenses	16.9	20.4
Total Profit for distribution	8.1	7.3

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## A SPECIAL REPORT ON EGYPT

# Mubarak, Hussein Take Lead in New Bloc of Moderates

CAIRO — Jordan's resumption of diplomatic ties with Egypt has led to the de facto creation of a new moderate bloc in the Arab world that seeks peace with Israel and opposes Islamic extremism, according to Arab and foreign analysts.

While President Hosni Mubarak of Egypt and King Hussein of Jordan are known for their pro-Western attitudes, diplomats consider that the new moderate group that they lead includes two unexpected converts — Yasser Arafat's Palestine Liberation Organization and President Saddam Hussein of Iraq.

One important factor uniting them is enmity toward Syria, the Soviet Union's main ally in the region.

The Ba'ath nationalist rulers of Syria and Iraq have long been at odds, although they were both considered radical in the 1970s. Their rivalry has intensified because of Syrian support for Iran in the war with Iraq.

Two of Iraq's staunchest allies since the Gulf war began in September, 1980, have been Jordan, which has acted as conduit for many supplies needed for the war effort, and Egypt, which still does not have full ties with Baghdad.

Last September, King Hussein unilaterally decided to restore full ties with Egypt. Like most other Arab heads of state, he had cut them off after the late Anwar Sadat signed the peace treaty with Israel in 1979.

While Iraq has not restored links, President Mubarak visited Baghdad with King Hussein in March and Egypt has been one of Iraq's main arms suppliers.

Ironically, it was in Baghdad that Arab leaders met to condemn Egypt and decide on a boycott after Mr. Sadat began his overtures to

Israel in 1977. Mr. Arafat was one of the participants.

Many Arab leaders are fearful of Islamic extremism gaining a hold in the region and are anxious that Saddam Hussein should not lose Iraq's war with Iran's Ayatollah Ruhollah Khomeini.

At the same time, Iraq has been willing to soften its former radical principles in response to support from Egypt and Jordan. It has followed its allies' advice to deal with Washington, allowing the reopening of the U.S. Embassy last year. Baghdad had closed the mission after the 1967 Middle East war.

Mr. Arafat drew closer to both Jordan and Egypt after his forces were defeated near the Lebanese port of Tripoli in December 1983 by Syrian-backed PLO rebels.

After leaving Tripoli by ship, Mr. Arafat stopped in Egypt for talks, ending his own boycott of Cairo.

Later, he renewed suspended talks with King Hussein to find a common negotiating position to give a boost to efforts for a peaceful settlement of the Arab-Israeli conflict and the eventual creation of a Palestinian state.

The Jordanian-PLO talks resulted in an accord last Feb. 11 providing for a joint Jordanian-Palestinian delegation to attend any peace talks.

Diplomats in Cairo say that President Mubarak, buoyed by Jordan's recognition of his government, was instrumental in persuading King Hussein and Mr. Arafat to find common ground.

Egypt, until its rapprochement with Israel, was the undisputed leader of the Arab world.

Since then, Cairo has always maintained that when the conditions were right for other Arabs to



King Hussein, left, and President Mubarak at the start of their talks at the Red Sea resort of Hurgada.

negotiate peace with Israel it would be ideally placed to act as a go-between.

For the moment, Mr. Mubarak has limited himself to acting as an intermediary between King Hussein and the United States.

Last year, King Hussein said that the United States had lost its credibility as a mediator in the Middle East because of its "one-sided" support for Israel, spoiling already uneasy ties with Washington.

Mr. Mubarak has retained good relations with Washington since he became president after Mr. Sadat's assassination in 1981. Recently, he set out to convince the Jordanian monarch and the PLO leader that dealing with Washington was an essential first step to get a new peace process under way.

Western diplomats said that Mr. Mubarak showed signs, however, of wanting to recover a leading role.

He promoted the Jordanian-

PLO accord during a visit to Washington in March, but also wanted direct involvement in any ensuing negotiations, the diplomats said.

They added that this scenario did not please the Jordanians.

"He wanted Egyptian involvement, which upset Hussein, who thought Mubarak was pushing too far," one of them said. "Since then, the Egyptians have taken a back seat. They have realized that there is nothing active that they can do. They are just rushing about telling people that the Jordanian-PLO record is important."

Egyptian officials have since become extremely cautious in their discussion of King Hussein's peace moves. But observers say that Egypt has put many of its hopes for a full reintegration into the Arab fold — and presumably for a renewed leadership role — in the Jordanian-PLO stance.

— JULIAN NUNDY

## Foreign Success Amid Economic Woes

(Continued From Previous Page)  
Egypt planned to attend a service there.

But analysts seem to view that incident as an isolated event, although they do not underestimate the potential for trouble that Moslem fundamentalism may bring.

On the popularity scales, Mr. Mubarak has had his ups and downs since becoming president.

After the hectic Sadat years, brought to an abrupt end just after Mr. Sadat jailed a number of political opponents, many Egyptians ap-

preciated Mr. Mubarak's calmer, more modest style and his efforts to cool passions.

But many Egyptians who initially praised Mr. Mubarak for his caution later began to criticize him for what they saw as indecision.

Now, however, many political analysts give him credit for consistency.

When he arrived in power, he insisted that Egypt would not go out its way to restore relations with the Arab nations that broke ties over peace with Israel.

The only one to restore full ties

has been Jordan, which took the initiative. Cairo's links with other Arab states, with the exception of Libya and Syria, have improved greatly although the formal step of extending full diplomatic recognition has not been taken.

Mr. Mubarak has managed to keep relations with Israel correct if distant. He withdrew Cairo's ambassador to Tel Aviv after the massacre by Christian militiamen at two Beirut Palestinian refugee camps during Israel's 1982 invasion of Lebanon. The envoy has not returned, and a full withdrawal by Israel is one of the conditions for him to do so.

At recent talks between Israeli and Egyptian officials, the atmosphere was reported to be better than in many years. "They were no longer talking to each other, but with each other," one diplomat said.

The consensus among Middle East analysts is that the change has been made possible by the appointment of Shimon Peres as Israeli prime minister. Mr. Peres is credited with a softer tone than that of his predecessors, Yitzhak Shamir and Menachem Begin of the hard-line Likud bloc.

They note that Egypt has been quick to benefit from the change and to do its part to improve the atmosphere.



A Gurnah trainer aircraft, made in Egypt, in flight.

## Arms Exports Earn \$2 Billion Yearly for Nation

(Continued From Previous Page)  
skilled manpower at one-sixth the price of the United States."

But one Western expert said: "The men at the top are as good as you will find anywhere. But it's the skilled labor at a lower level that's missing."

In one Egyptian factory that manufactures gun barrels, "the tools and kit are excellent," he added. "But there are only 3,000 workers in a factory that is supposed to have 7,000."

The problem is one that runs through Egyptian society. Once workers gain skills, they often prefer to head for Gulf countries where they are paid many times more than in Egypt, leaving a drastic shortage of manpower at home.

As the Alpha jet assembly line is phased out, the Helwan factory is to begin assembling the Brazilian Embraer EMB-312 Tucano turbo-prop trainer later this year. Almost all the 120 Tucanos on order for the Egyptian Air Force are due to be locally assembled.

Another ambitious project, first mooted by Mohammed Abdel-Halim Abu Ghazala, Egypt's dynamic defense and military production minister, is for the production of an all-Egyptian tank.

"They do have a prototype of a tank," a Cairo-based diplomat said. "But it's been made with foreign help. They do not lack like having the technology to build a modern tank from scratch for a long time."

The local arms industry has, however, succeeded in making the armed forces, which number some 500,000 personnel, self-sufficient in small arms and most kinds of ammunition.

Much of the industry started simply to refurbish old arms supplied by Moscow. This is still done, but the industry went on to develop its own models of Soviet arms, such as a version of the shoulder-held Sam-7 anti-aircraft missile.

The industry has grown out of economic necessity. Some estimates put the cost of re-equipping completely with Western arms at more than \$30 billion by the end of the 1980s.

Other projects carried out by the Arab Organization's four factories have included assembly of the British Aerospace Swingfire antitank missile and of the French Aerospace SA-3421 Gazelle helicopter.

Future plans are to be involved in the assembly of the next generation of fighters, such as the French Mirage-2000 and U.S. General Dynamics F-16s that are still on order.

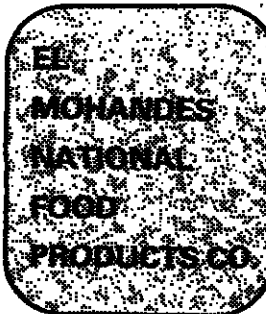
Lower down the scale, arms factories have turned their skills to civilian industry as a sideline. A small-arms factory produces Neferiti sewing machines, while a plant making mine casings has diverted resources to kitchen pots and pans.

"Egypt has the best industrial base of any country in the Middle East except Israel," said a Western European diplomat. "But it does not yet have the technology to go it alone on sophisticated projects."

The arms industry is successful, but has a tendency to be overambitious. If it would stick to what it can really do well and build on that, it would probably do better still."

— JULIAN NUNDY

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## A SPECIAL REPORT ON EGYPT

## Oil, Gas Potential Attracts Explorers Despite the Slump

By Robert Bailey

LONDON — Egypt's exploration potential continues to attract strong interest from international oil companies despite the slump in world hydrocarbon prices.

Apart from the opportunities on and offshore, the foreign interest is to some extent a reflection of the Egyptian authorities' need to sustain and develop the country's energy resources for domestic use and for export income.

Oil production was averaging 870,000 barrels a day at the end of 1984, Egypt having agreed to cut its output by 30,000 barrels a day in line with decisions of the Organization of Petroleum Exporting Countries although it is not a member of the group.

Egyptian output over 1984 had, in fact, increased 20 percent on the previous year following the coming into production of new concessions in the Gulf of Suez, including the Zeit Bay field.

A dozen international oil companies signed exploration agreements in 1984 with the Egyptian General Petroleum Corp. and pledged to spend a total of \$645 million prospecting for both oil and gas in the principal production area of the Gulf of Suez as well as the Western Desert and Sinai.

In the last two years alone, some 23 exploration permits have been granted covering an area of 65,000 square kilometers (26,000 square miles). Exploration wells drilled in 1984 led to the discovery of 11 offshore wells and eight onshore fields. Biggest producing fields in the Gulf of Suez are Morgan, July, August and Ramadan, which are operated by Gulf of Suez Petroleum Co. on a production-sharing arrangement between the Amoco of the United States and Egyptian Petroleum.

Zeit Bay is now producing at a rate of 65,000 barrels per day and is one of the three fields operated by Egypt's most rapidly growing producer, Suez Oil Co., which groups Egyptian Petroleum, British Petroleum, Royal Dutch Shell and West Germany's Deminor.

The declared aim of the current five-year plan is to achieve an out-

put of a million barrels a day by 1988. However, Petroleum and Mineral Resources Minister Abdel-Hadi Mohammed Kandil said last year, "It is more important for me to have oil reserves than to reach one million barrels-a-day production."

Last year, Prime Minister Kamal el-Din Hassan Ali told the People's Assembly that domestic consumption of oil was rising 15 percent a year. "This means that in seven years' time we shall consume our entire production and nothing will be left for export," he warned.

While Egypt produces just under 900,000 barrels a day of oil, exports only amount to 200,000 barrels, 20 percent of which is sold to Israel at prevailing market rates. The rest of export production goes to a wide range of international customers, with prices following market trends and being set on a monthly basis.

Local needs devour 500,000 barrels a day of national production and there seems little prospect in the immediate future of the country reversing this huge domestic consumption in favor of exports. The basic cause is the degree of subsidy expended by the government to keep energy prices down for the consumer. It is a prop that Egypt's industrial and commercial users, as much as Cairo's car drivers, have come to rely on.

The system seriously distorts the economy. According to Mr. Kandil's predecessor, Ahmed Izzeddin Hilal, subsidies on locally consumed oil products amounted to nearly \$3 billion in the 1983-1984 fiscal year, ending July 1.

For political and social reasons, the subsidy system is not going to be radically overhauled. In the longer term, the government is seeking to develop nuclear energy and bids for a first atomic power station near Alexandria are now being evaluated. A more extensive use of gas for industrial and domestic uses is also likely to be encouraged.

Late last year, Mr. Kandil said that plans were in hand to introduce incentives for foreign companies to explore and develop gas reserves, including the extension to



At work in a field in the Gulf of Suez, above. Below, construction of the Cairo Natural Gas project.



gas producers of production-sharing agreements now existing for oil.

But the interest for international companies and financiers will be in terms of export potential rather than involvement in Egypt's uneconomic subsidized domestic market. A drawback up to now has been a rule drawn up in 1980 prohibiting gas exports until natural-gas reserves of 340 billion cubic meters had been proven. However, in April this year the chairman of Petroleum Gases Co., Abdel-Moneim Abul-Saud, was quoted in the Cairo daily Al-Ahram as saying this level had been reached and that it was now legal to produce gas for export.

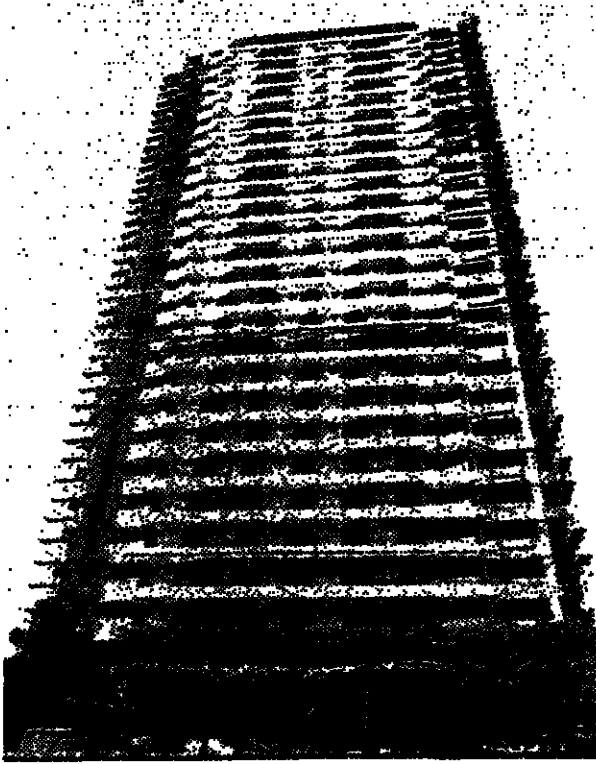
Whatever incentives are eventually decided on to draw in foreign investment to exploit reserves, the provision of alternative and enhanced energy sources is going to be a lengthy and costly process. For the immediate future oil is going to remain the mainstay of energy re-

quirements. Exploration efforts are being strengthened and not just in the offshore waters of the Gulf of Suez. Egyptian Petroleum puts total recoverable Western Desert reserves at 190 million barrels and believes more exploration will improve this position considerably. In 1984, France's Total-Moyen-Orient agreed on a \$49-million schedule over a seven-and-a-half-year period in northern Sinai.

With the promise of substantial recoverable oil reserves, there is a reasonable chance that the oil will last long enough for nuclear-energy and gas-recovery programs to take shape. But steadily increasing costs of enhanced oil-extraction methods, which will be needed as existing fields run down and as world prices and politics change in the region, will be crucial in determining whether the present enthusiastic interest of international companies in prospecting for Egyptian oil can be sustained.

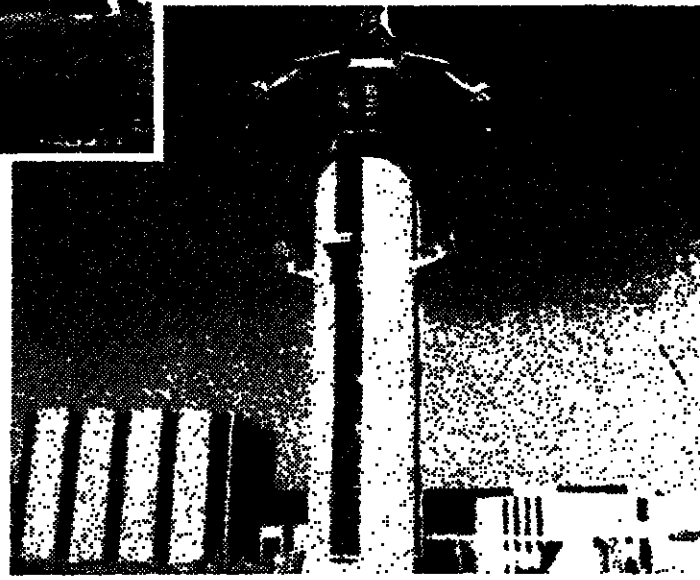
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## The 'Blooming Desert' Remains in Dream Phase

(Continued From Page 9)

glaring gaps in desert research. Trials are being carried out for various high-value crops including sweet corn and tomatoes, which are being grown using drip irrigation and low plastic tunnels. Field crops such as alfalfa and lupins, under sprinkler irrigation, are being compared for their abilities to build up soil structure. And a livestock breeding program is under way. Citrus varieties are being compared and eucalyptus trees are being planted for wind-breaks and fuelwood.

"We're learning just what we can and can't do in the desert," Mr. Bower said. He stressed that "given half a chance, small farmers could succeed here."

The government is trying to speed up desert reclamation. Earlier this year, at the instigation of the agriculture minister, Youssef Waly, land prices were slashed. The main proviso is that the land must be cultivated within three years.

At the same time it is encouraging desert reclamation, the government is attempting to boost production from "old lands," namely, the ribbon of agricultural land on the banks of the Nile and in the Delta. According to unofficial estimates by foreign agriculturalists, productivity in the old lands could be increased by up to 50 percent if there were no competition from desert reclamation projects for investment funds.

The Naway village improved farming project in El Menya, funded by the United Nations Development Program, shows how in-

creased mechanization, better timing of irrigation and planting of improved crop varieties can increase yields dramatically. Naway's farmers are among the most traditional in the country and like the majority of Egypt's farmers, own less than one acre of land. However, following machinery demonstrations on several of their farms, they are enthusiastically adopting mechanization not simply for tilling — which is already the norm in Egypt — but for planting, weeding, ditching, spraying, threshing and so on. Moreover, after three years of the project's operation, they are paying unsubsidized rates for hiring project equipment.

Mechanization is being given a national push in the old lands. The Ministry of Agriculture plans to set up 150 self-supporting mechanization centers that will introduce farmers to new technologies and hire out machinery. As such, the Naway project will provide useful lessons since this is the only community level project for mechanization in Egypt. Twenty-seven centers have been set up so far at the main center at Sakla, in Kafr el-Sheikh, and comparative field trials on foreign equipment are under way to find the best models for different crops and field sizes.

Traction and chisel ploughs are already used by three-quarters of Egyptian farmers and, according to Mr. Waly, "very soon our traditional wooden ploughs will only be used for decoration in restaurants."

Water is central to agricultural policy, particularly now that the

African drought is impinging on Egypt's resources. According to the Ministry of Irrigation, oftakes from Lake Nasser have been cut by 10 percent since April and an inter-ministerial committee is drawing up plans for water and power rationing. If rationing is introduced, farmers would be affected the worst since agriculture takes nearly 90 percent of supplies.

Water-conservation projects are being pushed ahead. Biggest returns are expected from reusing drainage water from agricultural land. For example, El Salsam Canal is being built from the Damietta branch of the Nile to the Suez Canal, and a half of its water will come from two main drains. This drainage flow is mixed with fresh water so that salinity levels are kept in check.

So far the canal is over 80 kilometers (49.5 miles) long and should reach the Suez Canal in 1987. Future plans include taking El Salsam waters under the Suez Canal by siphon for proposed irrigation projects in Sinai — proposals of dubious economic merit, according to outside agriculturalists.

In addition, treated sewage from Cairo will be used for irrigation when the Cairo wastewater project is completed.

However, improving water distribution in the country's irrigation network would go a long way toward improving water-use and farm efficiency. Of critical importance, therefore, is the U.S. Agency for International Development's financing the telemetry project to

monitor water levels throughout the entire canal system. Bids are being evaluated for 255 solar-powered monitoring stations that will send instantaneous data by radio links to two main computer centers in Cairo and Aswan.

Using a new mathematical model for the country's water network, irrigation staff will issue instructions to canal operators on which canal gates should be opened and for how long — a far speedier procedure than used at present. Field staff measure water levels from gauges, telephone the data to Cairo and await instructions.

Nevertheless, Mr. Waly is adamant that increasing farm production to meet demands of a fast-growing population will depend on the individual efforts of Egypt's 3.5 million farmers. It is significant that since 1980, Egypt's agricultural research stations have been directed into demonstration and extension work rather than pure research.

Egypt's farmers, though, face a dilemma. Many wish to adopt 20th-century technology — whether that be modern drip-irrigation systems or tractors and threshers — but they have limited opportunities to get credit. Village banks are the usual route, but as one Naway farmer said, "I don't like the bank because it takes a year to get a loan approved." And according to one United Nations official, "The difficulty in getting loans is the biggest constraint on the ownership of machinery in this country."



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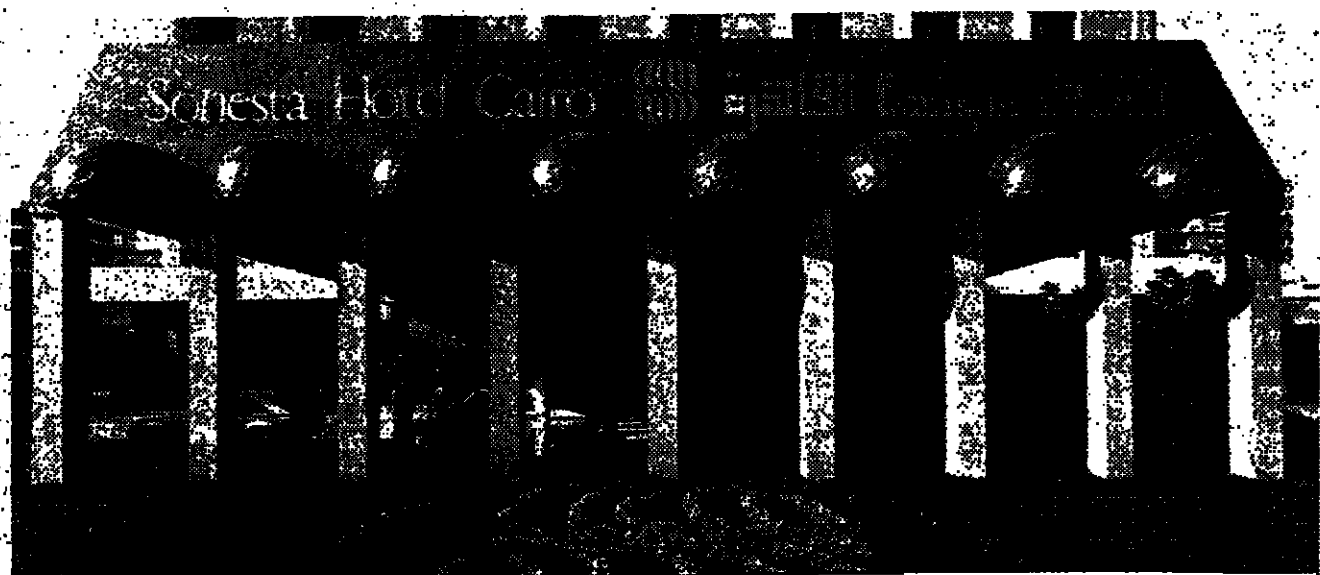
(In millions of US dollars)

Year Ended	30/6/80	30/6/81	30/6/82	30/6/83	30/6/84
Deposits	1,085	1,277	1,609	1,967	2,135
Loans and advances	292	417	390	543	680
Net profits (before provisions)	31	26	33	24	22
Dividends distributed (percentages)	15	15	15	15	13
Total balance sheet	1,353	1,559	1,918	2,273	2,433
Documentary credits, guarantees etc.	222	240	404	367	354

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## A SPECIAL REPORT ON EGYPT

## Acute Shortages of Foreign Currency Demonstrate Weaknesses of the Economy

CAIRO — Acute foreign-exchange shortages have become the Egyptian economy's chronic illness. In the absence of concerted efforts to control the problem and prevent further weakening of the Egyptian pound, the once occasional squeezes are becoming more frequent.

The most visible sign of the ill-

ness is that the Egyptian pound has lost more than 50 percent of its market value against the U.S. dollar in one year, with the free, or black-market, rate recently reaching a high of 1.5 pounds to the dollar.

The immediate reason behind the deterioration in the pound's condition was the government's sudden relaxation of import curbs,

opening the way to a backlog of import requests that had accumulated over the first quarter of this year. The dollar has had its strong position in the Egyptian market enhanced by a wide balance-of-trade gap. Moreover, it is the currency in which more than three-quarters of foreign-currency transactions in Egypt are carried

out. Central bank statistics show that the banking sector's net foreign assets have dropped and that the increase in foreign-currency deposits, mainly dollars, has slowed down.

The most important long-term influence on the foreign-exchange situation is the heavy balance-of-payments dependence on spillovers from oil and oil-related resources, which has become a structural feature of the Egyptian economy during the last decade. Egypt's biggest source of foreign-exchange transfers is remittances from an estimated 2.5 million Egyptian expatriates working in the Gulf's oil-exporting countries. The second largest source is oil exports, followed by Suez Canal tolls and tourism.

As a result of the economic difficulties in the Gulf because of the slump in the world oil market, remittances are forecast to drop by more than a quarter of last year's level to \$3.143 billion at the end of the current fiscal year, according to a Ministry of Planning report. Suez Canal revenue dropped slightly last year to \$960 million; attacks on oil tankers in the Gulf substantially reduced tanker traffic and a series of mine explosions last summer temporarily upset navigation.

Despite a slight increase in the number of tourists, more than half of whom are Arabs, revenue from tourism has stabilized at close to \$600 million annually over the last three years.

The growing balance-of-trade deficit is another factor determining supply and demand in the foreign-exchange market. Egypt's imports, which exceeded \$9 billion

last year and are drawing close to the \$10-billion mark this year, are about twice as large as exports, leaving a deficit of about \$5 billion for the present year. Egypt's income from oil exports has stabilized over the last two years at around \$2.4 billion and Egyptian commodity exports, led by cotton, have slightly dropped below last year's levels.

Adding to the drain on diminishing foreign-exchange transfers is the foreign-debt service. International organizations such as the World Bank and the International Monetary Fund put the total debt

system has been a bone of contention in talks with the World Bank and the IMF. Both international donors have been pressing Egyptian officials to adopt a unified floating rate for the pound and to take measures to streamline government spending and slash subsidies. The government has been resisting these calls, arguing that a unified rate, reflecting supply and demand in the market, can only be implemented when the market is balanced.

But Egypt has taken steps in the direction of rectifying its economy in line with the IMF conditions.

by oil, cotton and rice exports and Suez Canal tolls, all of which are directly controlled by the government.

A rate introduced four years ago to prevent the growth of a black market was \$4 piasters to the dollar, which remains applicable to airline companies, embassies and branches of foreign companies operating in Egypt. Another rate set at 1.33 pounds to the dollar is basically the previous rate to which a premium was added to encourage transfers through the banking system. The highest rate is that offered by unauthorized dealers to attract expatriate remittances for financing imports through free foreign-currency accounts. Representing two-thirds of the foreign-exchange supply, this rate has lately shot up to 1.50 pounds to the dollar.

The partially floating rate was first introduced last January as part of a package involving the rationalization of imports through controlling the issuance of letters of credit, forbidding the use of free bank accounts to fund imports, in order to curb black market activities, and making the down payments and eventual repayments for letters of credit in Egyptian pounds in an effort to channel foreign-exchange operations through the banking system.

The process started by the outgoing minister of the economy, Mustafa el-Said, was brought to a halt by his successor, when foreign-exchange inflows fell sharply, preventing banks from fulfilling clients' requests for trade financing, while shortages in supplies of imported goods, parts and raw mate-

rials started affecting the economy. Egyptian officials realize the advantages of unifying the exchange rates and they seem to be considering different ways of reaching that end, but none of them would set a deadline for making the move. The new minister of the economy, Sultan Abu Ali, has publicly said he was considering licensing dealers.

But the new governor of the central bank, Ali Negm, said that the banking sector should be encouraged to play that role and that it represented a more viable channel for transfers. He said he was hoping the gap between the new rate and the black-market rate could be narrowed and that the central bank was helping reduce reliance on fluctuating foreign currency inflows by building up its reserve, which averaged \$750 million during the second half of last year.

Samuel Zavatt, Bank of America's vice president and regional manager, pointed out ways in which branches of foreign banks operating in Egypt could help increase the inflow of foreign exchange through official channels if they were permitted to deal in Egyptian pounds also. He said they could help organize the interbank market once the currency is floated by providing short-term facilities to enable the central bank to intervene whenever that is needed and to introduce swap facilities. These would make available large amounts of foreign exchange and reduce the equivalent of an Egyptian pound to overcome the frequent shortages and fluctuations in the market.

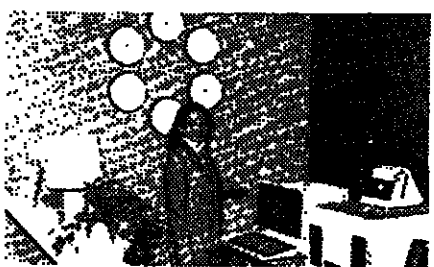
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## Banking Results Reflect the Economic Downturn

CAIRO — Egypt's banking sector has emerged from a difficult year, with the economy's downturn reflected on balance sheets.

Last year was marked by an acceleration in the decline of net profits and near stagnation of the banking sector's assets. The four public-sector banks, Bank Misr, the National Bank of Egypt, Banque du Caire and the Bank of Alexandria, which account for two-thirds of commercial banks' assets and provide four-fifths of the loans extended by these banks, have not been immune to the negative trend. Their profit margins narrowed and their net profits fell last year. But being more solidly based, they have suffered less than their joint ventures with major foreign partners.

The smaller, privately owned

banks seem to have suffered more than the others, while the 21 branches of foreign banks, operating as offshore units dealing only in foreign currencies, struggled last year to prevent their share of the market from shrinking.

Although they are burdened with the weight of government and public-sector borrowing, often implying preferential terms and sometimes involving overdraws, the four public-sector giants have more room to maneuver than the others. Their long expertise and large funding base permit them to do investment banking, including their direct participation in projects. They also have the capacity, with hundreds of branches spread all over the country, to diversify into new areas such as Islamic banking.

Bank Misr, the oldest and largest of the four, has introduced services in line with the rules of Islamic sharia, which prohibits fixed interest.

Others, including private-sector banks, have done the same or opened Islamic branches to benefit from this increasingly popular service. Some of the smaller banks have raised their capital to strengthen their position.

"The climate is unhealthy," an analyst said. Some bankers reluctantly admit that the imprudence and fierce competition that marked the boom period, which ended three years ago, are only beginning to make their impact felt, with a few big names defaulting on debts amounting to hundreds of millions of Egyptian pounds. Small as well as big banks are embroiled in court cases to settle accounts.

Specialists believe that bank practices should be controlled more strictly. The latest monthly consolidated balance sheet for commercial banks operating in Egypt prepared by the central bank

shows that about half their loans were extended without guarantees.

Opinion is divided in the banking community as to whether the time has come for relaxing controls imposed three years ago to limit credit growth. The ceiling on the total amount of credit was set at 65 percent of deposits, and lending to a single client at 25 percent of deposits.

These regulations have, in part, led to activating the local interbank market and to the encouragement of syndications.

The regulations pose difficulties in the case of major syndications, such as one lead-managed by the National Bank of Egypt, the second largest public-sector bank, amounting to \$240 million.

This was the first such loan to be arranged locally to contribute to

setting up an iron and steel plant near Alexandria.

It is also widely believed that the new economic conditions require a review of the interest-rate scale, which is 11 to 13 percent for industrial and agricultural projects, between 13 and 15 percent for the services sector and above 16 percent for commercial ventures.

The central bank's role and the law outlining its activities have become the focus of public attention since the recent resignation of the minister of the economy, Mustafa el-Said, who had amended the law last year.

Although its introduction of gradual sanctions applicable to banks that break regulations was considered an enhancement of the central bank's role, the amendment gave the minister wide powers, in-

cluding the right to dismiss board members of banks. With the outgoing minister's policies discredited, reverting to the original law seems imminent. Many bankers agree with Misr-Iran Development Bank's chairman and managing director, Fouad Sultan, on the importance of coordination between the central bank and the banking community to set the goals of an effective monetary policy and to agree on ways of implementing it.

Responding to widespread calls for updating monetary and credit policies, the new central bank governor, Ali Negm, said, "It is time for the credit policy and interest-rate structure to be reviewed." He said a study involving the implications for economic development is being made.

—OLFAT TOHAMY

## Economy Enters Period of Change

(Continued From Page 9)

public sector's production, with three-fifths of public investments during the first three years of the plan spent on finishing projects started earlier and one-third aimed at maintenance and renovation. Public-sector industries, which account for over two-thirds of industrial production, have also undergone streamlining of their operations, helped by rises in previously fixed prices of its output. This has largely improved the quality of products and put an end to a long record of losses by most companies.

Coupling import substitution with boosting exports may prove more difficult than policy-makers seem to think. Having been isolated from foreign markets until a decade ago, Egyptian exports,

which are expected to increase by 9 percent annually in the development plan, may be unable to compete with better quality and cheaper counterparts in world markets, which are witnessing a wave of protectionist measures.

A number of government-sponsored steps to develop export capacity have been taken during the last few months, including an aggressive marketing campaign in several Arab and African countries, and the setting up of the Export Development Bank of Egypt. But private-sector entrepreneurs complain that red tape and the lack of special incentives such as soft loans reduce the competitive edge of Egyptian exports.

Hazem Beblawi, the chairman and managing director of the new bank, which was opened three

months ago, admits that it has so far not been able to provide its public or private-sector clients with trade-financing facilities on special terms because of the government's apparent reluctance to extend a long-term loan to it. A requested World Bank credit line remains frozen because of differences over the exchange rate.

Through the remaining two years of the plan, and until a decisive shift toward commodity production is achieved, oil will remain the fastest-growing sector of the economy. With the bulk of remittances from Egyptian expatriates transferred through unofficial channels, and with transfers falling lately with the return of many of the estimated 2.5 million Egyptian workers in Gulf countries, oil exports will remain the country's top foreign-exchange earner.

They will be the main pillar of balance-of-payments support, despite a projected growth of almost 9 percent in other exports.

Infrastructure services, particularly power generation, is the second-largest expanding sector, followed by industry, which is expected to become the biggest sector by the conclusion of the plan, accounting for a quarter of gross domestic product by 1987.

The government is going ahead with structural reforms in line with the development plan's approach. With large investments made to expand the power-generation capacity, and with the government seeking to orient investments toward other sectors, electricity charges have almost doubled.

Although energy in its various forms remains heavily subsidized, partly due to the cumulative effect of price freezes, the price increase marked an important change in the government's attitude. Similar steps were taken on politically more sensitive direct subsidies such as bread, the price of which was doubled by the introduction of a new loaf and the phasing out of the cheaper version.

Other steps seem to indicate movement toward the selective subsidization of end products rather than production inputs, but the change seems to be too slow to convince international aid donors, headed by the International Monetary Fund.

The new draft budget presented to parliament includes for the first time a freeze on direct subsidies, amounting to about 2 billion Egyptian pounds (\$3 billion). The figure excludes indirect subsidies on energy, trimmed by the recent price increases.

Another politically significant indicator in the new budget is the government's continuing commitment to create employment opportunities for close to half a million people annually, with the demand on jobs expected to rise due to the return of expatriate workers from the Gulf.

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## A SPECIAL REPORT ON EGYPT



## A Crowded Capital

Cairo workers crowded on a truck bed, above left, and a Cairo traffic policeman at work, above right. Meanwhile, construction continues on the capital's underground transit system.



## U.S. Aid Now Focused on Development

CAIRO — Ten years after it started as an American contribution to help repay damage incurred over 30 years of war with Israel, U.S. aid for Egypt has grown into a wide-ranging program with an increasingly direct and tangible impact on Egypt's future economic development.

The program, which has so far allocated more than \$10 billion in loans and grants to Egypt, has recently reached a turning point. The Egyptian economy's slower rate of growth and the difficulty of adjusting to the change are bringing about a new attitude toward economic development, which seems to be in line with the U.S. Agency for International Development's revised approach toward its worldwide activities, and specifically its role in Egypt.

An outcome of the agency's assessment of its performance over several years was a decision to regularly monitor and review the strategy of specific programs implemented in different countries. It was also decided that the scope of authority of the head of the mission in Egypt, which is the largest in the world, would be widened. This was coupled with the appointment to Cairo last November of Frank Kimball, who was the aid agency's counselor, its most senior career position.

One of the significant reflections of the change is that starting from the 1985 fiscal year, the total amount of assistance provided for Egypt has reached \$1.04 billion, including \$815 million in project financing and \$225 million under the Food for Peace program, provided in kind. Another important turnaround this year is that the funding component of the program has for the first time become a grant, meeting a long-standing Egyptian request for parity with Israel, which has been receiving lavish U.S. aid grants for several years.

Moreover, the U.S. Congress recently approved a \$300-million cash transfer to Egypt for the fiscal year starting next October. Israel has been receiving its grant in the form of a cash transfer.

"There is an opportunity... You cannot project us being here forever," Mr. Kimball said, pointing out that Egypt is getting \$1 out of every \$1,000 in the U.S. budget. "The real challenge is to get a return on that," he said. The minister of planning and international cooperation, Kamal el-Ganzouri, agreed. He said that since he has become the top Egyptian official directly supervising the program, "we have begun to use the funds more rationally."

Mr. Ganzouri believes that projects financed by the aid agency should become integrated into Egypt's five-year development plan. He complained that the program represented U.S. interests by 70 percent and Egyptian interests by only 30 percent. "I am trying to have it represent both national interests," he said.

U.S. assistance for Egypt began shortly after the resumption of diplomatic relations between the two countries coincided with U.S.-sponsored efforts to lay the groundwork for peace between Egypt and Israel and took a major boost after the conclusion of the Camp David agreements in 1978.

Following the first agreement, an allocation of \$250 million was made by the United States to help with a few projects in the Suez Canal area, where the three main cities were almost razed to the ground during Egypt's last war with Israel in 1973. Also included in this package was a contribution to the removal of war debris that blocked the canal during the war and prevented navigation. Since then, it has broadened its scope and increased the number of projects it got involved in, bringing the total number of projects totally or partly financed by the aid agency this year to more than 80.

These cover infrastructure, telecommunications, housing, health, industry, agriculture and finance, and include research and training as well as the supply of equipment. The Food for Peace component of U.S. aid for Egypt has been a regular grant through the program, and the commodity import program remains the largest single part of it.

This program provides concessional funding facilities for the government and the public sector to enable them to buy U.S. consumer goods, raw materials and capital equipment.

Implicitly criticizing the multitude of projects sponsored by the U.S. aid agency, Mr. Kimball said, "We will try to compress our activities over the next two years." He pointed out that this would not entail a reduction of total funding for projects. Singling out two projects, which have been criticized in the press as wasteful, he also said that the mission will in the future carry out more thorough studies of projects it participates in, even if it is only supplying equipment.

Mr. Kimball seemed to disagree with his predecessor on ways of dealing with, or preventing, occasional criticism in the press of the agency's activities. He rejected the idea of raising the agency's profile, or what he described as "building monuments." He said that the subject had come up with his Egyptian counterparts and that they had "expressed their understanding" for the need to broaden the state-run media's coverage of the agency's efforts.

Citing the example of the U.S. supply of a dozen new turbines for the Aswan High Dam, the largest standing symbol of Soviet-Egyptian friendship at its zenith in the 1960s, he said he was satisfied that thousands of Egyptians saw the turbines sail up the Nile until they reached Egypt's southernmost city.

Egyptian and U.S. officials have expressed their relief that an increasingly large part of frozen funds, which were authorized for specific projects but not spent because of implementation problems or red tape, are being released. They recognize the importance of enhancing coordination and follow-up on policy matters.

"To have the biggest impact, we

## The Trend in U.S. Aid

(in millions of dollars)

1975	1976	1977	1978
261	794	699	750
1979	1980	1981	1982
835	865	829	771
1983	1984	1985	
750	750	815	

Source: U.S. Embassy Economic Trends Report

should understand and the government should be willing to keep us informed about what their macro-management is, how they are doing it, and to have us confident that they are managing the economy as well as possible," Mr. Kimball said.

Having made substantial contributions to upgrading infrastructure services in Egypt's major cities, Mr. Kimball thinks the program should now focus on other areas.

"I am not all that excited about financing public works," he said. He viewed future priorities as the improvement of health services, education and training, and the enhancement of government decentralization through supporting local government entities.

Mr. Ganzouri believes that in addition to agriculture, industry should be emphasized, as well as energy and construction, while research, training and services could be carried out by the Egyptian government. Mr. Kimball strongly favored backing the private sector to help the economy get over its present problems through creating new employment opportunities and raising productivity to increase exports.

"It seems to me that this whole business of broadening the scope of the private sector's role in Egypt is the thing that is really going to pay off — if it can come about," he said.

Funds allocated for the private sector's assistance have not exceeded 2 percent of the total over the last 10 years. They were concentrated in the form of short-term financing facilities for importers of U.S.-manufactured goods, occasionally stumbling into problems that have prevented the expenditure of some of these funds. A group of entrepreneurs has been trying through a committee formed by the U.S.-Egypt Chamber of Commerce to increase the amount of the facilities, as well as expand the private sector's input into the implementation of the agency's projects.

The chamber's vice president, Shafik Gabr, who headed the committee last year, has even more ambitious aims. "The private sector should play a role in designing and implementing the program," he said.

Mr. Gabr, who is managing director of Artoc Suez Trading Co., said he was rallying support from other organized private-sector groups to create a nonprofit organization with support from the agency to provide consultancy and other services and information to a wider section of the Egyptian public sector.

—OLFAT TOHAMY

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The Chase National Bank — committed to service.

	1983	1984
LOANS	375.8	427.8
TOTAL ASSETS	787.5	878.5
CUSTOMER DEPOSITS	583.3	626.1
TOTAL DEPOSITS	641.4	680.7
NET WORTH	67.5	84.4
NET PROFIT BEFORE TAXES	32.5	36.4
PROVISION FOR TAXES	13.8	15.8
NET PROFIT AFTER TAXES	18.7	20.6

FIGURES ROUNDED TO US\$ MILLIONS

The Chase National Bank (Egypt) S.A.E.











12 Month		Stock	Div.	Yld.	PE	Sts.	Close	
High	Low						High	Low

[illegible]

## (Continued from Page 15)

Mid		Sales in		1974		1973		1972		1971		1970		1969		1968		1967		1966		1965		1964		1963		1962		1961		1960		1959		1958		1957		1956		1955		1954		1953		1952		1951		1950		1949		1948		1947		1946		1945		1944		1943		1942		1941		1940		1939		1938		1937		1936		1935		1934		1933		1932		1931		1930		1929		1928		1927		1926		1925		1924		1923		1922		1921		1920		1919		1918		1917		1916		1915		1914		1913		1912		1911		1910		1909		1908		1907		1906		1905		1904		1903		1902		1901		1900		1899		1898		1897		1896		1895		1894		1893		1892		1891		1890		1889		1888		1887		1886		1885		1884		1883		1882		1881		1880		1879		1878		1877		1876		1875		1874		1873		1872		1871		1870		1869		1868		1867		1866		1865		1864		1863		1862		1861		1860		1859		1858		1857		1856		1855		1854		1853		1852		1851		1850		1849		1848		1847		1846		1845		1844		1843		1842		1841		1840		1839		1838		1837		1836		1835		1834		1833		1832		1831		1830		1829		1828		1827		1826		1825		1824		1823		1822		1821		1820		1819		1818		1817		1816		1815		1814		1813		1812		1811		1810		1809		1808		1807		1806		1805		1804		1803		1802		1801		1800		1799		1798		1797		1796		1795		1794		1793		1792		1791		1790		1789		1788		1787		1786		1785		1784		1783		1782		1781		1780		1779		1778		1777		1776		1775		1774		1773		1772		1771		1770		1769		1768		1767		1766		1765		1764		1763		1762		1761		1760		1759		1758		1757		1756		1755		1754		1753		1752		1751		1750		1749		1748		1747		1746		1745		1744		1743		1742		1741		1740		1739		1738		1737		1736		1735		1734		1733		1732		1731		1730		1729		1728		1727		1726		1725		1724		1723		1722		1721		1720		1719		1718		1717		1716		1715		1714		1713		1712		1711		1710		1709		1708		1707		1706		1705		1704		1703		1702		1701		1700		1699		1698		1697		1696		1695		1694		1693		1692		1691		1690		1689		1688		1687		1686		1685		1684		1683		1682		1681		1680		1679		1678		1677		1676		1675		1674		1673		1672		1671		1670		1669		1668		1667		1666		1665		1664		1663		1662		1661		1660		1659		1658		1657		1656		1655		1654		1653		1652		1651		1650		1649		1648		1647		1646		1645		1644		1643		1642		1641		1640		1639		1638		1637		1636		1635		1634		1633		1632		1631		1630		1629		1628		1627		1626		1625		1624		1623		1622		1621		1620		1619		1618		1617		1616		1615		1614		1613		1612		1611		1610		1609		1608		1607		1606		1605		1604		1603		1602		1601		1600		1599		1598		1597		1596		1595		1594		1593		1592		1591		1590		1589		1588		1587		1586		1585		1584		1583		1582		1581		1580		1579		1578		1577		1576		1575		1574		1573		1572		1571		1570		1569		1568		1567		1566		1565		1564		1563		1562		1561		1560		1559		1558		1557		1556		1555		1554		1553		1552		1551		1550		1549		1548		1547		1546		1545		1544		1543		1542		1541		1540		1539		1538		1537		1536		1535		1534		1533		1532		1531		1530		1529		1528		1527		1526		1525		1524		1523		1522		1521		1520		1519		1518		1517		1516		1515		1514		1513		1512		1511		1510		1509		1508		1507		1506		1505		1504		1503		1502		1501		1500		1499		1498		1497		1496		1495		1494		1493		1492		1491		1490		1489		1488		1487		1486		1485		1484		1483		1482		1481		1480		1479		1478		1477		1476		1475		1474		1473		1472		1471		1470		1469		1468		1467		1466		1465		1464		1463		1462		1461		1460		1459		1458		1457		1456		1455		1454		1453		1452		1451		1450		1449		1448		1447		1446		1445		1444		1443		1442		1441		1440		1439		1438		1437		1436		1435		1434		1433		1432		1431		1430		1429		1428		1427		1426		1425		1424		1423		1422		1421		1420		1419		1418		1417		1416		1415		1414		1413		1412		1411		1410		1409		1408		1407		1406		1405		1404		1403		1402		1401		1400		1399		1398		1397		1396		1395		1394		1393		1392		1391		1390		1389		1388		1387		1386		1385		1384		1383		1382		1381		1380		1379		1378		1377		1376		1375		1374		1373		1372		1371		1370		1369		1368		1367		1366		1365		1364		1363		1362		1361		1360		1359		1358		1357		1356		1355		1354		1353		1352		1351		1350		1349		1348		1347		1346		1345		1344		1343		1342		1341		1340		1339		1338		1337		1336		1335		1334		1333		1332		1331		1330		1329		1328		1327		1326		1325		1324		1323		1322		1321		1320		1319		1318		1317		1316		1315		1314		1313		1312		1311		1310		1309		1308		1307		1306		1305		1304		1303		1302		1301		1300		1299		1298		1297		1296		1295		1294		1293		1292		1291		1290		1289		1288		1287		1286		1285		1284		1283		1282		1281		1280		1279		1278		1277		1276		1275		1274		1273		1272		1271		1270		1269		1268		1267		1266		1265		1264		1263		1262		1261		1260		1259		1258		1257		1256		1255		1254		1253		1252		1251		1250		1249		1248		1247		1246		1245		1244		1243		1242		1241		1240		1239		1238		1237		1236		1235		1234		1233		1232		1231		1230		1229		1228		1227		1226		1225		1224		1223		1222		1221		1220		1219		1218		1217		1216		1215		1214		1213		1212		1211		1210		1209		1208		1207		1206		1205		1204		1203		1202		1201		1200		1199		1198		1197		1196		1195		1194		1193		1192		1191		1190		1189		1188		1187		1186		1185		1184		1183		1182		1181		1180		1179		1178		1177		1176		1175		1174		1173		1172		1171		1170		1169		1168		1167		1166		1165		1164		1163		1162		1161		1160		1159		1158		1157		1156		1155		1154		1153		1152		1151		1150		1149		1148		1147		1146		1145		1144		1143		1142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## ACROSS

DOWN	DOWN	DOWN
1 Bell and Barker	12 Cartographer's creation	31 Muziumism
2 Expertise	13 Discarded	32 Lawn game
3 Any Venetian canal	14 He married a Duke	33 Capital of Senegal
4 Some Paul Revere products	15 Parts of operas	34 Man with an army
5 Minn. team	16 Williams play	36 Hatfield haters
6 Antelope's home	17 This may cause a hit	39 Welcome
7 Rhyme	18 Part of an epiph	40 With morosity
8 scheme	24 Head of the Unification Church	42 Boat basins
9 Hamster, e.g. _____ Falls, city in Ore.	25 Cast out, in a way	43 "... and my bended — a pillow's Confucius
10 Freedom	26 Sat out, in a way	44 Actress Jackson
11 Vingt _____ gambling game	29 Sedate	45 Made into law
	30 Port on the Strait of Dover	51 Mark Twain's elder brother

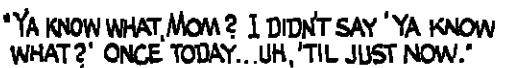


**DOWN**

53 "Two Cities"	66 Zeus, to Zeno	81 Something reducing differences	96 Quick
54 Kind of finish	67 Doing business	82 Bit of wheat	97 Arena in Atlanta
55 Milk: Comb. form	68 Auto-racing city	83 Recognized rank	98 Author Vidor
56 — B. Parker, U.S. jurist	70 Hamlet's companions of arrows	84 Disconcert	99 Cote cries
57 Privateer	71 Handle, to Hesse	87 Swapped	101 Turf
58 Gem facet	72 Dandle, to Resse	89 River to the Danube	102 Common abiment
59 Transmut	73 Orr was one	92 Staring	103 Father of Sheen, to an Italian
60 Guard used as a musical instrument	76 Movies' Dr. Kildare	94 Pillars surmounted by busts	104 Rockefeller, N.Y.C.
61 TV's Miss Brooks	78 Upset	95 Actor Werner	105 Shack occupant

## Reviewed by Richard Eder

## DENNIS THE MENACE

[illegible]

The inhabitants of Twicetown — it is Key West and named after the two dud nuclear bombs that fell there and that serve as a kind of shrine — wait in vague apprehension. Their transitional society is about to be replaced; they have no idea how. From the brief words of a narrator at the beginning, we gather that when Cuba, itself transformed, moves on, it will impose what has become an extensive plantation economy and a theocratic regime based on the Koran.

Johnson's novel, beautifully written, does not deal with this future except as a barely suggested shadow. Its focus is on the transitional settlement of fishermen and traders that lives among artifacts of the past, scraps of memories and the uncertain shape of what is to come.

They are a mixture of blacks, whites and Latinos, and they speak an unstable patois with a strong infusion of Spanish. They live by fishing, a kind of scrappy gardening and a few rudimentary crafts characterized with the traders who scavenge the destroyed settlements to the north for bits and pieces of what remains of America's consumer output. They have old records and tapes, amplifying equipment and carefully measured robe lights for communal celebration. Their huts are furnished with old church pews, car seats, bits of chrome.

Deformed mutants — Los Desechados (the Destitute), they are called — wander through. In the swamps, there is a community of drug-taking primitives whose totem is a two-headed snake — another mutation — and who mutilate their genitals to

The three principal characters represent three stages of time. The one at mid-point is Anthony Cheung, a middle-aged clarinetist and vegetable gardener. He does not remember the pre-holocaust civilization but is dedicated to trying to decipher and hold on to bits of it. His parents had their children memorize the Constitution and the Declaration of Independence before burning their copies to keep warm; and in moments of distress, he recites passages from them.

Cheung lives with his grandmother, a woman in her 90s who was a Vietnam refugee. She alone has witnessed the horrors of war, including the long series of flights, in a succession of brilliantly written passages, she recalls bits of her childhood and adolescence. But she can no longer speak, and so the testimony about pre-war civilization that Cheung so covets — the irony is searing — is denied to him.

Cheung is also the mentor of Fiskadoro, a fisherman's son to whom he tries to teach the clarinet. Fiskadoro, whose name is a corruption of an old Spanish word for harpoonist, is a misfit among the fishermen and an outsider at the bonfire-lighted beach parties held by his companions. He wanders off across the dunes and is captured by the swamp people. They give him drugs and mutilate him.

He returns, finally, and as he convalesces, he gradually recovers what he has forgotten. But it is knowledge, not memory. Cheung teaches him the clarinet once more, and this time he plays it marvelously well. He has "forgotten how not to play," and it is in this state, unmarked by history, that he becomes a sign of the leaveless future, just as Cheung's grandmother is a sign of the past.

John Cheever is the author of "Angela," a taut and penetrating novel about a floating American underclass. "Fiskadoro" is a leap of imagination, with no loss of precision and perceptiveness. The book's philosophic explorations are not always clear, but the ambiguities are those of a stunningly delivered poetic vision.

*Richard Eder is on the staff of the Los Angeles Times*

gradually relearns what he has forgotten. He has knowledge, not memory. Cheung clarinet once more, and this time costlessly well. He has "forgotten how it is in this state, unmarked by becomes a sign of the featureless." Cheung's grandmother is a sign of Johnson is the author of "A penetrating novel about a floating class," "Fiskadoro" is a leap of mind loss of precision and perceptive philosophic explorations are not the ambiguities are those of a strong poetic vision.

— Richard Eder is on the staff of *Time*.

Via Agence France-Presse June 14

*Closing prices in local currencies unless otherwise indicated.*

[illegible]

**THE RAIN**  
DICK CROOK

I HATE STANDING IN LINE IN THE RAIN... BESIDES, THIS TREE LEAKS...

THAT'S A LINE FROM AN OLD BILL MAULDIN CARTOON...

WHO'S BILL MAULDIN?

IN WORLD WAR II

WHAT WAS WORLD WAR II?

DON'T YOU KNOW ANYTHING? WHAT'S ANYTHING?

MAKING DINNERS IS LONELY WORK.

I THINK I'LL GET SOME COMPANY.

WHIRR

IT HADN'T BEEN ME YET.

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OH, FOR GOSH SAKES! INVITE HIM IN FOR A PIECE OF CAKE

HELLO, THERE. HOW ABOUT YOUR FEW DAYS AWAY?

OK, BUT...

VERY NICE. FLO. WHAT'S NEW?

NOT A LOT, RUSS. I DON'T THINK OF ANYTHING...

OH, COME NOW. THERE MUST BE SOMETHING SOMEONE ABOUT

SHADDUP. SHADDUP.

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PSSST...

...MISTER, YA WANNA BUY SOME FRENCH POSTCARDS?

SIR... I'M A MAN OF THE CLOTH!

SORRY... NOW WOULD SOME RISQUE PAINTINGS ON VELVET?

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THAT'S RIGHT, BRADY---MY MEETING WITH TOMPKINS AND BELLISON WAS MORE ANNOYING THAN ALL THE OTHERS! I WAS TEMPTED TO TELL THEM WHAT THEY CAN DO WITH THEIR JOB---BUT I DIDN'T!

MISS BELLISON, ALSO KNOWN HERE AS THE PIRANHA, WAS RESPONSIBLE FOR THE LUNGEON. SHE'S AFRAID I'LL GET HER JOB AS SALES DIRECTOR!

DON'T FORGET YOUR FIVE O'CLOCK APPOINTMENT WITH DR. MORGAN, DARLING!

BRADLEY EDGEMON 6-15

Detective magazine syndicate, 1983

AND THEN ABOUT APRIL OF '81, OR WAS IT '82, MY VOICE CHANGED AND I STARTED SINGING THE BARITONE PART

GEE, POOKY, I'M TIRED OF TALKING ABOUT ME...

YOU TALK ABOUT ME FOR A WHILE

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Class Prev.			Class Prev.			Toronto June 14			High Low Close Chg		
<b>Singapore</b>			<b>Singapore</b>			<b>Canada June 14</b>			<b>High Low Close Chg</b>		
Star Alliance	469	455	Pullaru	1029	1029	4416 Alcan Prod'	115K	115K	114K	114K	+
Trans World	233	233	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
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Tier Twenty Four	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Twenty Five	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Twenty Six	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Twenty Seven	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Twenty Eight	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Twenty Nine	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Thirty	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Thirty One	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Thirty Two	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Thirty Three	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Thirty Four	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Thirty Five	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Thirty Six	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Thirty Seven	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Thirty Eight	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Thirty Nine	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Forty	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Forty One	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Forty Two	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Forty Three	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Forty Four	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Forty Five	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
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Tier Fifty One	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Fifty Two	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
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Tier Fifty Five	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Fifty Six	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Fifty Seven	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Fifty Eight	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Fifty Nine	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Sixty	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Sixty One	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Sixty Two	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Sixty Three	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
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Tier Seventy One	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Seventy Two	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Seventy Three	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
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Tier Seventy Seven	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Seventy Eight	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Seventy Nine	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
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Tier Eighty Nine	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Ninety	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Ninety One	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Ninety Two	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Ninety Three	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Ninety Four	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Ninety Five	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
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Tier Ninety Seven	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Ninety Eight	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier Ninety Nine	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier One Hundred	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier One Hundred One	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier One Hundred Two	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier One Hundred Three	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
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Tier One Hundred Six	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier One Hundred Seven	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
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Tier One Hundred Eleven	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier One Hundred Twelve	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier One Hundred Thirteen	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier One Hundred Fourteen	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier One Hundred Fifteen	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
Tier One Hundred Sixteen	243	243	Hatch	718	718	202 Alcan Prod'	115K	115K	114K	114K	+
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## SPORTS

## Weaver Returns to the Orioles

Popular Manager Agrees to Lead Team Through Season

BALTIMORE — Earl Weaver returned as manager of the Baltimore Orioles on Friday, a day after the American League club dismissed Joe Altobelli. Weaver agreed to handle the club through the remainder of the season, after which the situation will be reviewed.

Weaver said at a news conference Friday that he did not decide until talking Thursday with team officials to leave retirement and rejoin the baseball club. He said he had been talking with the team since the start of the season about returning as a consultant, but that a deal could not be worked out.

Weaver said that he had received two offers to manage other ballclubs since the spring, and numerous others prior to that but that he decided to return to Baltimore because of his familiarity with the team and the city. He was to take over the team Friday night, when the Orioles were scheduled to play the Milwaukee Brewers.

"I guarantee you I'm working for a lot less money than I could have got with other organizations," Weaver said. He said that the salary negotiations took only five minutes.

in an official announcement of the change on Thursday, Hank Peters, the Orioles' general manager, said: "We are sorry about relieving Joe Altobelli. It was a difficult decision, but we did not like the direction in which the club seems to be headed and decided that a change was necessary."

The team owner, Edward Bennett Williams said of Weaver: "I think he came back out of loyalty to this organization." He described his dismissal of Altobelli as a "painful experience."

"We did not have the kind of leadership you expect from a manager," Williams said. "I say that reluctantly because I like Joe so much. But I did not think we had the kind of leadership on the field that we're used to in the Oriole organization. Joe didn't have the things that go into making a first-class, top manager."

"At the same time, we felt that Earl, with his knowledge of the club, the organization, and most of the players, as well as his past record as a winner, was the most appropriate choice to replace Joe in this situation."

Cal Ripken Sr., a coach, managed the Orioles to an 8-3 victory over the Brewers on Thursday night.

## Sooner or Later, He Had to Come Back

By Dave Anderson  
New York Times Service

NEW YORK — Until now, Earl Weaver had resisted for more than two seasons the temptation to sneak a smoke in the dugout runway between innings. As recently as late April, when George Steinbrenner was losing patience while the Yankees were losing games with Yogi Berra as manager, the principal owner sounded out Weaver before anointing Billy Martin for the fourth time. Weaver wisely knew better than to be interested.

"I don't know if Billy knows he was the second choice," a source familiar with the Yankees' managerial move said at the time. "But he was."

Then as before, Weaver contended that he had no desire to be a manager again. Even when the ABC network did not re-sign him after two seasons as a television analyst, he had talked about how happy he was as an ex-manager who played golf, played the horses and played with his tomato plants.

But sooner or later Weaver had to be Weaver again; sooner or later Weaver had to manage again.

And as the Orioles played the Milwaukee Brewers in Baltimore Friday night, Weaver returned to the same dugout he had hopped out of on Sept. 30, 1982, after the Orioles had lost the American League East title to the Brewers in the final game of the 1982 season. Even in the disappointment of that defeat, Weaver's Orioles followers had prompted Weaver to appear for an encore, to wave his cap in appreciation, even to use his arms and legs to form an "O-I-O-I-O-I" cheer.

"Well," he said a few minutes later in his office, "it's over with."

But even on that day, Weaver seemed to be the only person who thought his career as a certified genius was over. That day he had walked into the stadium at age 52, too young to play golf and play the horses for the rest of his life, certainly young to play with his tomato plants for the rest of his life. Maybe a corporate or corpulent man could do that at 52, but not

even the last two seasons. But he was never really out of it until this year. As a TV analyst for two years, he had the best of both worlds — being able to stay home during the week, then visiting with other managers when he worked a game. One day at Wrigley Field last year, Jim Frey, the Chicago Cubs' manager, was sitting in his office when Weaver arrived.

They began to talk serious baseball. And that's what Weaver always did best. After working a National League playoff game in San Diego last year, he sat around for hours that night dissecting the managers' moves. "But if he had done this," he would say, "then the guy in the other dugout couldn't have done that."

At the time, Weaver would say, "I just don't want to manage any more." And he probably meant it. In the weeks after the season ended last year, the Yankees asked about him before Steinbrenner announced that Berra would return. The Montreal Expos offered him what a confident calls "a lot of

money." The Chicago White Sox and the Seattle Mariners also checked him out.

"No, no," Weaver kept saying. "I just don't want to manage any more."

That's what he also told Steinbrenner in April, but when Edward Bennett Williams asked, Weaver decided that he wanted to manage again. Or at least he decided he wanted to manage the Orioles again.

"I owe Mr. Williams a favor," he said the other day. "My words to him were, 'If you need me, I'll be there.'"

Having dropped eight games behind the Toronto Blue Jays and into fourth place in the American League East, the Orioles needed him. Just as he needed baseball again. But now he needs to be as "mean" a manager, to use his word, as he once was. The day the 1982 season ended, he talked about how important it was for a manager to possess that "mean" manner.

"I don't think I can be mean enough any more," he said then. "I was mean enough this year because I knew this was it. But I don't think I could be mean enough next year. That's why I'm stopping."

Next year for Weaver is now this year. But as with any manager, he will only be as good as his players. Sparky Anderson, the Detroit Tigers' manager and once the Cincinnati Reds' manager, put that philosophy in perspective when the Orioles were in Detroit earlier this week. "Managers are only as solid as the 25 players they have," said the only manager to wear a World Series championship ring in both leagues. "I never look to see who the manager is in the other dugout. I look to see who he has out there on the field."

Oddly enough, in 1983, his first year as the Orioles manager, the now-deposed Joe Altobelli guided the Orioles to a World Series victory over the Philadelphia Phillies in five games. In nearly 15 seasons, Weaver had led the Orioles to only one World Series title — in 1971, a Series remembered mostly for Brooks Robinson's glove. But now Altobelli, a genius himself briefly, is out and Weaver is in again.

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Tze-Chung Chen, concentrating at the U.S. Open.

## Dawson, Francona and Brooks Join To Power Expos Past the Cubs, 9-7

United Press International

MONTREAL — Andre Dawson, Terry Francona and Hubie Brooks drove in two runs each Thursday night to lead the Montreal Expos to a 9-7 victory over the Chicago Cubs.

Trailing, 3-1, Montreal erupted for three runs in the fifth. After

BASEBALL ROUNDUP

singles by the winning pitcher, Bryn Smith (7-2), and Tim Lincecum, the losing pitcher, Steve Trout (6-2), walked Vance Law to load the bases. Dawson's fielder's choice scored Smith, and Brooks followed with a single to drive in Raines.

Pitching in relief, George Frazier walked Tim Lincecum to re-load the bases. Dawson's fielder's choice scored Smith, and Brooks followed with a single to drive in Raines.

There was a lot of hitting on both sides tonight," said Jim Frey, the Cubs' manager. "It was just one of those nights for us. We're still struggling with our middle relief. The only guy I could always rely on is Lee Smith. But if my team stays close in the game, I know we always have a chance because one of the guys is going to come through with a big hit."

Smith worked 7½ innings and scattered eight hits. Jeff Reardon, the fourth Montreal pitcher, got the last out for his 19th save.

The Cubs took a 2-0 lead in the first on a run-scoring single by Keith Moreland and an infield RBI groundout by Jody Davis. Davey Lopes' second-inning RBI single made the score 3-0.

The Expos scored in the second when Sal Butera hit into a fielder's choice with the bases loaded. Mon-

tréal got another run in the sixth on a double by Raines and single by Dawson.

The Expos scored four more runs in the seventh. Wallace led off with a triple and scored on a single by Francona. Herm Wittingham was safe on second baseman Ryne Sandberg's second error of the game, and Mike Fitzgerald followed with a run-scoring single. Law's double made it 8-3 and Brooks singled home the ninth run.

Chicago narrowed the margin to 9-6 in the eighth when Richie Hebner doubled with the bases loaded. Leon Durham doubled home the Cubs' final run in the ninth.

Padres 3, Giants 0: Dave Dravecky combined with Goose Gosage on a six-hitter in San Francisco to hold off the Giants. Dravecky (5-4) allowed six hits in seven innings and was supported by three of the four Padre double plays. Gosage picked up his 14th save of the year. The loss went to Bill Lasky (1-7), who gave up eight hits and three runs over six innings.

Phillies 5, Mets 4: Glenn Wilson hit a two-run homer with two out in the eighth to lead the Phillies in Philadelphia. The homer followed a walk to Von Hayes and made a loser of Jesse Orosco (1-3), who relieved Ed Lynch in the eighth. Shane Rawley, who took over in the eighth for Philadelphia, improved his record to 5-5.

Reds 9, Braves 2: Eddie Miller's one-out single scored Dave Concepcion from second base to ignite a seven-run 11th for the Reds in Atlanta. The Reds, who had only two hits entering the 11th, sent 12 men to the plate and had seven hits in the inning. Gene Garber (1-3)

took the loss. Pete Rose went 0-for-4.

Cardinals 2, Pirates 1: Jack Clark and Tito Landrum hit a home run and an RBI double in Pittsburgh to help give John Tudor (4-7) his first victory against his old teammates. After 8½ innings, Jeff Lahti came in and struck out George Hendrick for the final out and his fourth save. Larry McWilliams (3-5) took the loss.

Red Sox 8, Blue Jays 7: In the American League, Rich Gedman's two-run double highlighted a four-run seventh, rallying the Red Sox in Boston. Mike Trujillo (1-1) pitched 2½ innings of scoreless relief for the victory. Bob Stanley worked two innings to post his eighth save. Gary Lavelle (2-1) took the loss.

Orioles 8, Brewers 3: Fred Lynn hit a two-run homer and Cal Ripken Jr. added a pair of run-scoring doubles in Baltimore to help the Orioles snap a five-game losing streak. They were managed by Cal Ripken Sr. after the dismissal of Joe Altobelli.

Twins 7, Rangers 5: Tim Lincecum drove in the go-ahead run with a sixth-inning single, and Kirby Puckett and Greg Gagne each homered to power Minnesota to victory in Arlington, Texas. Mike Smithson (5-3) combined on a nine-hitter with Rick Lyander, who got his third save. The loser was Frank Tanana (1-7).

Royals 4, Mariners 3: Darryl Motley hit a three-run homer and Jim Sundberg hit a bases-empty shot in Seattle to lift Kansas City to victory. Mark Gubicza (3-4) struck out nine batters in 5½ innings. Dan Quisenberry notched his 12th save. Ivan Calderon and Alvin Davis homered for the Mariners.

## At 39, Jackson Remains Mr. Reliable in a Pinch

United Press International

ANAHEIM, California — His legs ache, his hair is thinning, but Reggie Jackson, it seems, will not go away.

Jackson, 2-for-2, entering Thursday's game against the Chicago White Sox, came up as a pinch hitter in the bottom of the ninth inning and ripped a bases-loaded single to lift California to a 2-1 victory.

The triumph broke the White Sox five-game winning streak and moved the Angels back into first place in the American League West.

Bobby Grich singled off Gene Nelson (3-2) and took second on a passed ball by Carlton Fisk. Bob Boone and Darryl Scotts walked. Jackson then batted for Gary Pettis and greeted reliever Bob Feller with an opposite field two-out single to lift California to a 2-1 victory.

"When you're not swinging the bat well, all types of things go through your mind in those situations," Jackson said. "But I knew Gene would live or die with me, that I wouldn't be called back. That really helps." He was referring to Gene Mauch, the Angels' manager, who might have replaced Jackson when the White Sox called to him.

"I figured at my age, 39, the young guy's gonna come in with the fastball the first pitch or so, try to get ahead of me and then strike me out," Jackson said. "I knew if I threw a strike on the first pitch I'd take a whack at it. He threw a strike, and I took a whack at it."

The RBI was the 1,538th of Jackson's career, moving him past Joe Dimaggio into 22nd place on the all-time list. It was also Jackson's first game-winning RBI this season. It gave California its 15th one-run victory.

"Until I got to be about 35, nothing bothered me," Jackson said. "I had ice in my veins and a heart of steel and a mind that was unyielding. I relished these situations. When it was win or lose, it was a time of peace for me."

"The last couple of years, though, my problems have come from a lack of concentration in regular situations. But I can still focus in those big situations, focus all my energy."

December because next year's schedule was nearly complete.

The league also voted to spend \$500,000 on a study to explore alternative officiating methods.

Saying that the large expenditure "in no way is a reflection on our officials," John Ziegler, the NHL president, said that the increasing speed at which the game is played makes it advisable to examine possible alternatives to the current system. The NHL now employs one referee and two linesmen at games.

Ziegler said modern technology will be considered, "including but not limited to" television replays and electric eyes, in addition to the possibilities of moving the referee to an off-ice vantage point or stationing off-ice officials at the blue lines.

In other matters: Rumors abounded that Chicago and St. Louis would relinquish their No. 1 picks in Saturday's entry draft for name veterans. Jim DeMaria, a spokesman for Chicago, said that the Black Hawks' general manager, Bob Pulford, was interested in fortifying center and wing and that the Blues' general manager, Ron Carson, was also seeking a deal.

"The governors announced that the home-ice advantage for division and conference finals will be determined by the preferences of the participants instead of the records of the divisions or conferences they represent."

## Chen, Making a Double Eagle, Claims Lead in U.S. Open Golf

By Gordon S. White Jr.  
New York Times Service

BIRMINGHAM, Michigan — Tze-Chung Chen of Taiwan has become the first golfer in history to make a double eagle during a U.S. Open championship.

To do it, he holed a 3-wood from the fairway, 255 yards out, on his second shot Thursday on the par-5 second hole at Oakland Hills Country Club.

Two hours later, the 26-year-old Chen, who is playing in his first Open, birdied the 17th and 18th holes to complete a round of five-under-par 65 that gave him the first-round lead by a shot over Fred Couples in the 85th Open.

Chen, known to others on the tour as T.C., had a big smile as he described this rarest of all golf shots.

"This is a story," he said. "When I hit the ball it went straight to the pin. I didn't know it had gone into the hole until I walked onto the green even though I heard a big yell when I hit the ball."

Chen got off to one of the fastest starts in Open history when he followed the double eagle with a birdie 2 on the third hole to go 4 under.

He posted four more birdies and three bogeys, a surprising start for this 140-pound (64-kilogram) golfer who has been playing for only 10 years.

The 65 is the lowest round during the five Opens at Oakland Hills. It equaled the course record achieved twice during the 1979 PGA Championship here. One of those was scored by the winner, David Graham, the other by Allen Tapscott.

Varied weather helped prolong the opening round: the first player teed off at 7 A.M. and the last completed the round at 8:50 P.M. over this normally strong 6,996-yard course. Temperatures ranged from 49 to 71 degrees (9 to 22 degrees centigrade), and a strong north wind held steady. There were three short rainstorms, one of which produced lightning that halted play for 14 minutes when Chen Watson shot 75. Jack Nicklaus 76, Jerry Pate 78 and Lee Trevino 76. Hale Irwin and Larry Nelson, also former champions, had 73 and 71.

The second hole is among the easier holes to par at Oakland Hills. But nothing is easy about a double eagle.

This par-5 is flat and unlike many of the other 17 holes that have approaches to a slight dogleg left, played downward to the pin that was set on the right side away from a bowl-like center area of the green.

The green lies behind a group of four small bunkers that Chen had to carry over to land on the putting surface.

A double eagle is considerably more difficult than a hole in one. There have been 16 holes in one in an Open since Ed Egan made an ace in the 1936 Open at Baltusrol. Before that, U.S. Golf Association records are incomplete on aces.

"I feel great," Chen said, "and so surprised."

Chen and Couples distanced themselves from the pack as Tom Kite, Andy Bean and three others were at 69. A group of eight, including the 1978 Open champion, Andy North, was at 70.

Zoeller, who won the 1984 Open at Winged Foot in New York by beating Greg Norman in a playoff, said he was pleased to be among the 15 players at 71. That was the same score he had in the opening round last year, but he was only three shots off the lead then.

Zoeller described Chen as "a real good player." That was before the double eagle.

Informed of Chen's performance on the second hole, Zoeller laughed and said, "I said he was real good. I didn't say he was that good."

Now we can look to have the pin on top of a mound out there tomorrow," Zoeller added. "They'll never allow a double eagle again."

Chen, slim at 5 feet 10 inches (1.78 meters), joined the PGA Tour two years ago. He has not won an event in the United States but he recently won the Japanese Open and the Korean Open before returning to the U.S. tour two weeks ago.

It was not surprising that a foreign player took the lead, but Chen was not the one expected. Bernhard Langer of West Germany, Seve Ballesteros of Spain and Greg Norman of Australia were all given a good chance.

Ballesteros, who shot an eagle 3 on the second hole, was one of the many at 71. Norman shot 72, and Langer had 74.

It was not a good day for some former Open champions. Tom Watson shot 75. Jack Nicklaus 76, Jerry Pate 78 and Lee Trevino 76. Hale Irwin and Larry Nelson, also former champions, had 73 and 71.

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## SPORTS BRIEFS

## Preseason NIT Basketball Shapes Up



## ART BUCHWALD

## Putting Cash on the Line

WASHINGTON — I came into the office and found my assistant, Cathy, crying. "What's wrong?" "I've been trying to get the phone company for two days to move the telephone two and a half blocks to the big deal!" "So what's the big deal?" "I finally succeeded. Do you want to hear the rest of it? AT&T will come in to disconnect the phone and reconnect them for \$90 for the first hour and \$1 for each minute after."

"You're kidding me. Not even lawyers have the nerve to charge by the minute."

She said, "That's not all of it. AT&T no longer has anything to do with installing the line. One can only be created by the C&P Telephone Company. They charge \$94 for a one-time connection fee, plus \$35 for the first 15 minutes and \$11 for each additional quarter hour. There is also a \$3 fee for the cost of the jack in the closet."

"Let me get this straight," I said. "AT&T is sucking us for the connection and the C&P people are mugging us for the dial tone. Did you ask either company how we can be sure they're doing all this while they're doing all this?"

"They said we should trust them."



Buchwald

"Okay, so they are behaving like the Mafia. Is that any reason to cry?"

"I'm not finished. If we want to keep the same number we have to pay extra for that too. They want \$9.55 per line per month, which they call a 'mileage' charge. In case you're interested, they charge \$8.20 for the first quarter mile and 45 cents for each additional quarter mile."

"That's more than a New York taxi charge," I said. "Where do they find people to come up with these numbers?"

"I just got our phone bills for the month. We used to get one bill, now we get two — one from AT&T for our equipment and one from C&P for their service. Here, look at

this. Everything is in computer code. Do you know what product E3VLPBUT+X, description: BUT-SIGNAL, Unit price \$1.22, total amount \$26.36 is?"

"Not right off hand," I admitted. "It's our button signal," Cathy said. "AT&T charges us to let our phone ring and button light up. They've made a price increase retroactive from July of 1984, but so many people have complained about it that they'll take it off your bill."

"There, you see?" I said. "The phone company does have a heart."

"Then there is the \$2.62 monthly charge for an intercom line."

"That sounds reasonable."

"It is except we don't have an intercom line. They're also charging us \$1.66 for the buzzer for the intercom line we don't have."

"The phone company would never cheat us. Call them and tell them they made a mistake."

Cathy turned red. "I'm not going to try to get through again. No one can get through to them because everybody is complaining about their telephone bills."

"What's the charge of \$7.56 for a PICKUP BUTTON?"

"As far as I know," she replied, "it's this plastic button on the phone. I'm not sure if they're charging us for the button itself or the connection when we push it in. But whatever it is, AT&T has made it retroactive."

"This is more serious than I thought," I said. "Take a letter to Judge Harold H. Greene, U.S. District Court for the District of Columbia, One John Marshall Place, Washington, D.C. 20001. Dear Judge Greene, since you were responsible for the breakup of the phone company, the greatest and cheapest system in the free world. I am writing to you for guidance. You have maintained the divestiture would encourage competition and save the consumer money. Pray tell, dear Judge, what exactly do you have in mind? Since no sane jurist would be stupid enough to tear apart something that was working so well, I'm sure you have a secret plan. You at least owe it to the American people to let us know how we're benefiting from your historic decision. If you don't tell us before we get our next phone bill I'm going to print your home number in the paper. Respectfully yours, An Admirer."

## John Huston, Jack Nicholson Team Up for 'Prizzi's Honor'

By Janet Maslin

New York Times Service

NEW YORK — Early last

year John Huston discovered

a copy of Richard Condon's novel

'Prizzi's Honor' in his office,

where it had been sitting since its

publication in 1982. Fortunately,

the book jacket mentioned that

Condon lived in Dallas, and the

author had a listed telephone

number there. Huston and the

producer John Foreman called

him and learned that the film

rights remained unsold. Huston

then showed the book to Jack

Nicholson, who saw it as "a

French New Wave archetypal

love picture between two killers

you know, deadly but lovely."

But Huston insisted this was a

comedy. "I told John, 'I've been

wanting to work with you,'"

Nicholson recalled, "but I didn't

know if you want me in a picture I

don't understand."

A year later, the film has been

released and the misunderstand-

ings are gone. Huston says that

'Prizzi's Honor' which opened

in the United States on Friday,

"has the same quality as the book

— it walks a very narrow tight-

rope, it can turn funny and then

turn serious." Nicholson, his as-

sessment borne out by the film's

finished product, said, "The man is

78 and he's still working at the top

of his form."

'Prizzi's Honor' tells what

happens when a stolid Mafia hit-

man named Charley Partanna

(played by Nicholson) becomes

smitten with a glamorous mystery

woman (Kathleen Turner) who

turns out to be a fellow profes-

sional. When Nicholson first be-

gan work on the film, he was ex-

pected to emphasize some of the

more wrenching aspects of this

situation. For instance, he

thought a telephone call Charley

makes at a key point in the story

might call for a particularly emo-

tional tone, and he engaged the

laconic Huston in a rare discus-

sion of the specifics. "I asked him,

'Where do I go with this scene, am

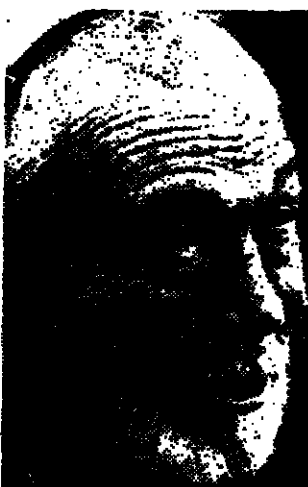
I hysterical, am I in tears, where am

I?' Nicholson recalled. "He thought

about it and said, 'Well, why don't

you just clip your nails?'"

Nicholson, in his hotel suite,



John Huston

enthusiastically ate an ice cream sandwich as he discussed this, having lost the 30 pounds (13 kilograms) he gained for the Charley Partanna role. "I didn't have to gain weight but I did anyway, because I ingested the part," he said. "I wanted the guy to be a heavy in that sense." Nicholson also adopted a thick Brooklyn accent and a set of new facial mannerisms for the role, and he narrowly escaped having to wear a hairpiece. "That was my idea, one of the last things we gave up," said Huston, reached by telephone in Puerto Vallarta, Mexico. "I like doing away with as much ornamentation as possible, and I felt I'd rather have an accent than a prop."

Brooklyn accents, Huston told the cast, would be "the voice of the movie." So Nicholson spent a week in New York with Huston, who has lived in Brooklyn since he moved there in 1945. Huston, the director's daughter and Nicholson's long-time companion, who plays one of the film's pivotal roles. ("Jack was a joy, Kathleen Turner and my daughter, they were all just adorable," Huston said.) One day the director visited his daughter and Nicholson at their hotel and introduced them to the actress and playwright Julie Bovasso, who would serve as the film's dialogue coach. Bovasso spoke a few lines in Brooklynese.

Then Huston headed for the window, declaring, "Will you look at this view, kids?" And then he left, thus setting the question of how the dialogue would sound.

"When he doesn't like something, he'll tell you," said his daughter, who plays what she describes as "a girl with some guts."

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What attracted Huston to the material, he said, was "that wonderful hyperbole and extravagance mixed with grandeur that Richard has in all his best books. I thought this one epitomized that. It just demonstrated his whole approach to life and work."

Huston had long known Condon, the author of "The Manchurian Candidate"; they met when both lived in Ireland.

Another quality that attracted Huston to the material, Nicholson noted, was the unobtrusive seriousness with which it regards morality and the business world: it compares with Huston's "Beat the Devil" and "The Treasure of the Sierra Madre." "John is interested in the cardinal sins and the cardinal virtues," he said.

Nicholson has often played violent characters, but Charley Partanna was a killer with a difference. "This guy doesn't get off on murder," Huston said. "This is his job. His morality. I don't play killers sympathetically, because I don't sympathize with killing, but this called for something different because it was black comedy. I wanted him to be funny, but I also wanted you to see him kill somebody and for that to be believable. And I didn't want it to seem like two different people."

Something else that was important to him and Huston from the film's first frame was that the



Kathleen Turner, Jack Nicholson in "Prizzi's Honor."

character not radiate Nicholson's usual cunning. "John wanted you to know that the man didn't have a secret plan," he said. "This man had to be primary, simple, dumb and very competent at what he did. The audience couldn't be thinking, 'Oh, Jack's always got a little something up his sleeve,'" he said.

Nicholson's attention has been focused on this film partly as a result of the much-publicized abandonment of another: "The Two Jakes," the "Chinatown" sequel he was to make with Robert Evans and Robert Towne, "two of my oldest friends."

"They, we had some words, but these are guys who have words anyway," he said. "The sad thing is it's our own goddamn fault. We went higher than a kite over some pretty minor issues, and we got ourselves too close to a deadline, and we can't be mad at Paramount for that."

Meanwhile, Nicholson volunteered his services to Fox's adver-

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal complications. "You Always Hurt the One You Love."

"A Great American Movie" "Like Woody Allen's 'Purple Rose of Cairo,' the only other great American movie of 1985, Huston's 'Prizzi's Honor' delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination." Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

## PEOPLE

## Barbara Walters to Wed Chief of Television Firm

The television newswoman Barbara Walters will wed the businessman Mervyn Adelson in the fall. Walters, 53, is co-host of the ABC News "20/20" show and host of her own interview special, "Adelson," founded in 1982. Adelson, 55, founded a television news network, "Dallas," which has a teen-age daughter and Adelson has three children from previous marriages.

The director Steven Spielberg, 37, had a close encounter with a car crash on his way to the actress Amy Irving, 31, of "The Untouchables." The 7-pound, 7-inch (1.3-kilogram) baby was born Thursday in Los Angeles.

The evangelist Billy Graham is in Britain for an eight-day crusade to preach by satellite-relayed television to 51 towns. Graham, 66, will appear from June 25 to 28 at a soccer stadium in Sheffield. His sermons will be relayed to other centers, school halls and theaters from Dublin, to the Shetland Islands, off the coast of Scotland.

The Italian conductor Riccardo Chailly has been chosen to replace Bernard Haitink as principal conductor of Amsterdam's Concertgebouw Orchestra in 1988, an orchestra spokesman said.

A bronze statue of Dwight D. Eisenhower, showing the former president in his military uniform, will be unveiled Saturday at the museum erected in his honor in the hometown of Abilene, Kansas. The statue will face the chapel where Eisenhower and his wife, Mamie, are buried. Senator Robert Dole, a Kansas Republican, will be the main speaker.

R.B. King, Ulysses, Bart Bachman, Sheila Easton and Julian Lennon were not enough to get a star-studded charity show off the ground, the Norwegian Broadcasting Company said Thursday. The network decided to cancel an Aug. 18 benefit concert in Bergen in support of the United Nations Fund for Population Activities because not enough entertainers accepted the fund's invitation to perform.

## ANNOUNCEMENTS

## OPERATION AVANCEE

American Citizens Abroad needs an over-land of letters sent to Washington NOW to support the efforts of Congressmen Bill Alexander on behalf of American citizens. Write to him & to your own Congressmen to express support for the bill. Bill Alexander has been introduced. Address to House of Representatives, Washington, D.C. 20515.

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